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Be Sure to Read

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The Nation's Business

Canada's War Workers Back Victory Loan

Most gratifying feature of the Victory Loan campaign is the manner in which workers in Canada's war industries are responding to the appeal to buy bonds.

This shows that the spirit of Canada is right. It shows that among those drawing larger pay checks each week there is a realization of two points:

1. That this IS Canada's war; a war in which we must make sacrifices to win and cannot expect to enjoy a free ride while we profit from selling munitions to other nations;
2. That the full employment, which large scale munitions production provides, cannot be expected to continue in the days of readjustment from war to peace; and that it is wise to save against such a period.

A most remarkable achievement was that of the 2,400 employees of the Massey-Harris Company, 100% of whom bought bonds. Some scores of smaller companies have also achieved a 100% sale.

Every employer in Canada should—in the interests of the war effort and of his employees—seek to achieve something close to a 100% response from among his workers.

* * *

LET'S TRY TO PAY THE BILLS OURSELVES

From Washington news stories persist that Canada will negotiate a loan in the United States; whether directly from some such agency as the Reconstruction Finance Corporation or in the form of a government loan sold through customary channels is not clear. A figure of $500 millions is mentioned.

Some of the news despatches link the suggested loan with a plan to put the American and Canadian dollar at parity.

Unquestionably, Canada could make use of $500 millions of United States exchange. Unquestionably, there would be some advantages in wiping out the discount on the Canadian dollar.

But both advantages would be purchased at too high a cost by piling up a debt repayable in American dollars.

* * *

Canada has had no difficulty in paying its war bills to the extent that they have been payable in Canadian dollars. We have had no difficulty in making supplies available to Britain and buying back some of our British-held securities in order to permit the bills to be met by Britain.

Our major financing difficulty has been to find American dollars to pay for supplies not obtainable at home. We have succeeded, so far, in meeting this difficulty by continuing to produce gold, by curbing pleasure travel across the line, by reducing civilian purchases in the United States, by the Hyde Park agreement and by selling war supplies to the United States.

We should continue to utilize such measures rather than go into debt to the United States. We shall have enough troubles in the post-war period without trying to service an enlarged American debt.

As for putting the two currencies at parity, there would be no advantage to Canada, on balance, in such a course, unless it could be achieved by the normal processes of balancing the books of account of the two countries. The other side of the medal of a discount on our dollar is the premium many of our producers—of gold, newsprint, metals and recreation facilities, for example—receive on their sales to the United States.

Canadians appreciate the gesture of the United States government in removing legislative obstacles to borrowing by Canada across the line. In an emergency we might have to resort to such borrowing. But such borrowing should be a last resort.

Let's pull in our belts a little harder and finance the war ourselves just as long as we can.

* * *

NOT A POUND OF RUBBER TO BE WASTED

In an address last week, Controller of Supplies Alan H. Williamson minced no words in telling Canadians of the desperate crisis which faces the United Nations because of the severing of our rubber lifeline across the Pacific. Mr. Williamson described rubber as "the gravest problem confronting the United Nations." He added:

"The rubber shortage is so serious that our ability to fight an all-out war is imperilled."

Yet in the 12 weeks since Pearl Harbor, little has been done to require civilians to conserve precious pounds of rubber—all that they can hope to own for the duration.

Immediate and drastic sacrifices have been required (and willingly given) by manufacturers who use rubber in various forms. But the other vital form of saving—conservation in the USE of rubber—has been barely touched.

* * *

Ottawa would be justified in taking immediate steps to require reduction of all provincial speed laws and the strict enforcement of overloading laws. There should be ruthless elimination of non-essential bus services where other transportation is available and the curtailment of all long-distance trucking wherever rail movement is possible. In the next five years we will need every pound of this rubber to maintain the barest essential services in city, farm and factory.

There can be no pussyfooting in this critical area of supply, no confusion of voices such as accompanied the attempts to conserve gasoline last summer. There must be only one voice and it must speak out ruthlessly and emphatically so that not one pound of rubber be wasted. This is a responsibility which only the federal government can assume. It is a responsibility which must be faced clearly and quickly without fear or favor.

* * *

UNEMPLOYMENT INSURANCE FOR EXECUTIVES?

If the business men of Canada do not indicate their views to Ottawa, they may find the Unemployment Insurance scheme extended into areas for which such a scheme can provide no real benefit. Labor union groups have urged that the top limits be taken off the plan. Now the premiums are paid by all those earning up to $2,000 a year, with some reservations for certain types of employment. Labor unions want everyone to come in; including top-executives earning substantial salaries.

The obvious purpose of the proposal is to bolster up the unemployment insurance funds with the contributions of people who are unlikely ever to draw anything out of it. Such contributions would be more in the nature of a direct tax than an insurance premium.

Originally the government sought to restrict the scheme to those subject to hazards in employment. No very scientific selection was made. Financial institutions offering the highest degree of stability in employment were brought in. But government and municipalities whose employment stability is about the same were left out. The purpose there was also obvious; to sweeten the funds at the expense of those enjoying stable employment while keeping the load off government employees.

It is ridiculous to bring into an unemployment insurance fund those drawing high salaries. They should be able to make adequate personal provision against possible loss of their jobs. In any event the maximum benefits payable—$14.40 a week—are unlikely to be of much value to such people, whose fixed obligations usually match their income.

Employers are much pre-occupied with war work but should take time to make their opinions felt by the authorities at Ottawa.

Ottawa Still Doesn't Cut Spending

By STAFF WRITER

OTTAWA.—Reductions in ordinary government expenditure as indicated in the estimates tabled last week by Hon. J. L. Ilsley are more apparent than real.

The estimates as tabled call for ordinary expenditure of $454 millions compared with $511 millions a year ago. This is an apparent reduction of $56 millions or about 11%.

Examination of the bluebook reveals that the chief sources of "saving" are the elimination from current estimates of some $85 millions of expenditure which have nothing to do with any wartime economy programme. The items are:

	$ millions
Wheat Acreage Reduction	30
Prairie Farm Rehabilitation ..	5
Tax Compensation to Prov. ...	45
1941 Census	2
Great War Pensions	3

A saving of $35 millions on account of wheat payments and farm rehabilitation is obviously illusory because supplementary estimates are almost certain to show substantially larger payments in the form of a higher initial price to wheat growers.

The item of $45 millions as compensation to provinces will probably be offset by an item almost twice as large if all provinces accept the federal-provincial tax deal.

The decline in pension payments for veterans of the last war and the non-recurring census bill are also items for which the government can take no credit.

Against these special or fortuitous declines in expenditure the government is faced with $16.5 millions by way of higher interest and exchange charges on the public debt. It is also faced with $5 millions additional Post Office costs which presumably are due to war exigencies and should be offset by higher receipts.

Subtracting these major items of increase from the $85 millions suggests that the government should have been able to show a net improvement on ordinary account of at least $63.5 millions even without any move toward more economical operation of individual departments.

The fact is, however, that the net change is only $56 millions, indicating that ordinary expenditures apart from these special items are actually higher this year by $7.5 millions than in 1941-42.

Reason given for this by official spokesmen is that the war has increased the costs of most departments, even though such costs cannot be properly charged directly to war account.

There is no allowance in ordinary expenditures for subsidies arising out of operation of the price ceiling or other expenses of wartime boards and organizations.

Supply Shortage Begins to Take Its Toll

From Our Own Correspondent

MONTREAL. — Sharp curtailment in the supply of raw materials is beginning to take its toll of Canadian manufacturing plants.

In the Eastern Townships of Quebec, supplied by Southern Canada Power Co., six plants in Granby and Actonvale have had to close down in the past few weeks throwing some 2,000 workers out of employment.

Five out of the six depend upon rubber as their principal raw material. As they were engaged in manufacturing non-essentials, their supply of this valuable material has been cut off.

Workers have not as yet been absorbed into other industries. While there are important war plants not many miles away which need workers, they are unable to take them on because of the scarcity of housing accommodation.

Quebec Plans More Reforms

From Our Own Correspondent

MONTREAL.—Continuation of reforms in such fields as education, public health, natural resources, road building, insurance, election laws, municipal and professional laws, was indicated in the Throne Speech at the opening of the Quebec Legislature.

The government proposes to submit bills giving effect to the agreement with Ottawa covering the redistribution of taxation powers;

To solve the financial problems of school commissions of the province, especially of Montreal;

To assure greater control of the handling of foodstuffs;

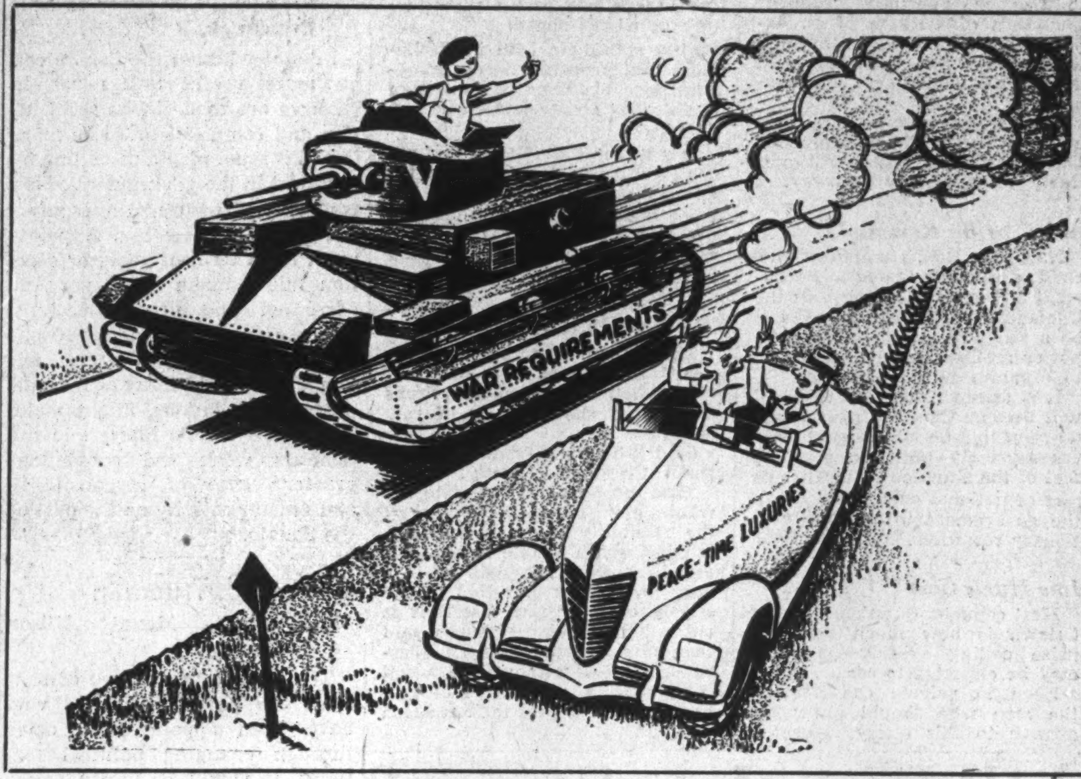
Improve strategic roads and building of more rural highways;

Further forest conservation;

A new Pension Act to cover government employees in the outside services;

Abolition of tolls on all bridges belonging to the province; and

An amendment to the Insurance Act to remove certain inconvenience where the wife is beneficiary.



Making Way For Victory

Three great industries, motor car, oil and rubber, have patterned the North American way of life. They are now charting some of the basic changes that are taking place. For these three industries have had a unique contribution to make to the war effort. In its special February report, The Financial Post surveys these three industries in the production parade.

Drastic Moves on Rubber Likely

Say Shortage Threatening Our War Effort

By STAFF WRITER

OTTAWA.—Withdrawal of possibly 500,000 passenger cars and virtual elimination of all civilian pleasure driving by 1943 is forecast as a result of the desperate shortage of rubber.

Supplies Controller A. H. Williamson has described rubber as "the gravest problem confronting the United Nations." He added: "the rubber shortage is so serious that our ability to fight an all-out war is imperilled."

Mr. Williamson emphasized that there is no prospect of relief to the public until after the war and that the utmost care must be taken to conserve the supplies we have now. The ordinary car user, he stated, will have to get along on his own tires and when these tires are worn out, lay up his car for the duration. "Driving for pleasure is wasting rubber." He forecast further restrictive measures:

1. Prohibiting sale of retread material except to essential users.
2. Discontinuance of non-essential bus services where other transportation is available.
3. Elimination of long-distance trucking of goods where rail movement is possible.

Other steps which have been under discussion unofficially are of an even more drastic nature. There is the suggestion, for example, that the Government may use its powers eventually to commandeer tires from all non-essential private motor cars or possibly to impound spare tires from all vehicles so as to make these tires available to essential users. Only last week Hon. C. D. Howe was clothed with new power permitting him to seize any "chattel" in Canada when such action appears necessary or expedient in the interest of public safety.

One official branded as "very conservative" the statement credited to authorities in Akron, Ohio, to the effect that "it is possible and entirely probable that 25% of the 27 million passenger cars registered in the U. S. A. may be withdrawn from operation from lack of tires by Jan., 1943. The figure of 25% is a minimum estimate. Some say 40%."

Total registration of motor vehicles in Canada now exceeds 1,500,000. Over the past 10 years between 75,000 and 80,000 cars have been withdrawn from use annually. Inability to procure for civilian use any of the 2.5 million tires which are produced annually in Canada for domestic consumption will mean withdrawal of most of these cars from the highways within the next three or four years and a very large percentage within the next 2 to 5 months.

One inevitable result of the rubber crisis will be a complete reorientation of present-day methods of urban and rural living.

Funds For War Charities To Come From Ottawa

OTTAWA.—Announcement is expected daily that the government will finance the entire budget of the United War Service organizations and will subscribe the necessary funds out of the public purse rather than permit a public subscription. Organizations to be included (to the extent of their work among the armed services), are: Canadian Legion, K. of C., Salvation Army, Y.M.C.A., Y.W.C.A., Daughters of the Empire, Navy League of Canada.

Chief reason for this revolutionary step is that Canada's war savings and loan programme has become of such importance and magnitude that it is getting increasingly hazardous to disrupt it for several weeks each year to raise several millions for war services.

Additional advantages are that the money can be raised more cheaply by taxation or government borrowing and that such a plan will permit the closest possible check on the way funds are spent.

The proposal would provide for a separate campaign by the Red Cross later in the year—possibly in April or May. It is argued that the Red Cross cannot accept government money without losing its "international" standing.

There has been no permanent decision as to how funds are to be raised for peacetime activities of the Y.M.C.A., Salvation Army etc., where these groups do not now participate in local community chest campaigns. For this year it is possible that these will be financed from money carried forward from earlier campaigns.

London Calling

Can Churchill Weather Storm?

Inside Story of Sweeping Changes in British Cabinet

By "ADELPHI"

This week, The Financial Post's London columnist writes a cabled article giving the background of the changes in the Churchill cabinet, and forecasting the road ahead for Mr. Churchill himself. The writer is the famous British political figure and commentator who writes regularly for The Post under the pseudonym, "Adelphi."

LONDON, (by cable).—The meeting in Commons, Tuesday, was a strange one indeed.

Outside in the vast world terrible, fateful things were happening to the British Empire. That work of haphazard planning and colossal genius was fighting to save its very existence. The destiny of mankind was being determined for a thousand years. No section or community was more aware of this than the members of the House of Commons.

They realize to a very large extent the fate of nations is their responsibility.

It was this Parliament which brought down Chamberlain and installed Churchill as Prime Minister. When a week ago Churchill stood by his ministerial colleagues and refused to change his government it was Parliament that insisted upon being master. Tuesday they met the great leader on whom they had imposed their will, for Churchill had bowed before the storm and had made many changes.

There is nothing more deceptive than proceedings at Westminster. Currents run deep and never so deep as now. On the surface are ripples of humor—the penetrating question and deft answer—the same as there have always been, but the underlying purpose to drive through to victory is never absent. To the ordinary eye Tuesday's sitting was the same as any other, but to the political expert it was one of the strangest gatherings for many years.

In its own curious way it was oddly like the beginning of a new school term after most exciting things had happened during recess. To teachers, prefects and scholars to a very large degree it was a case of "Hail and Farewell."

Everybody had come to say "Good day, Sir Stafford Cripps," but they had also come to hear the Headmaster's farewell to his fifth form boys for Dr. Churchill had decided that no longer could he be headmaster and form master as well. Sir Stafford was wise enough not to stage an entrance. He waited until prayers were over, then came in with other ministers for question time. Since personalities govern events, the House looked with almost schoolboy curiosity at new front-bencher Attlee. With his new dignity as Deputy Premier and Dominions Secretary he sat beside Sir Stafford, new leader of the House. Between Attlee and Sir Kingsley Wood there was handsome James Stuart, government chief whip, looking like a huge head prefect who wonders if discipline will be maintained under the new master.

Rise of Cripps is one of the most astonishing things in political history. He has three attributes of success, talent, sincerity and luck. It is still to be demonstrated that he has the fourth attribute which is judgment.

Luck has played an astonishing part in his career. He was made solicitor general in 1929 by Ramsay MacDonald before he had even been M.P. In fact he was acting as solicitor-general while the Labor Party was still trying to find a parliamentary seat for him. From 1931 until the war he was a political free lance, made such extremist speeches on the left side of politics that the Socialists finally expelled him from the party. When war came he made a splendid gesture. He threw up his legal practice, which must have been worth £25,000, and offered his services to the government with no remuneration.

With that adroitness and compromise which is the essence of British public life, he was sent as ambassador to Moscow. Eventually, when Russia came into the war and began to fight so superbly, the enthusiasm of the British public spread illogically to Cripps himself. It was almost as if he, not Adolf Hitler, had brought Russia in. That was his luck. If he had been sent to Tokyo as ambassador he would not be leader of the British House today, but so highly did the country regard him that Churchill had to give him office. Cripps refused the Ministry of Supply but in the final reshuffle was given his present important post.

Is the British public wrong about this man?

I do not think so. Foreigners have said that when the British think, they are always wrong but when they feel, they are nearly always right. They have a feeling that Cripps is a big man. For what it is worth I share that opinion.

On Tuesday absentees from the front bench excited almost as much interest as the new arrivals. Virtually for the first time in 18 years all-powerful Captain David Margesson sat among the crowd as a humble back-bencher. Except for a brief spell when the Conservative party was in opposition he had held the position of assistant whip. The chief whip was then the Secretary of State for War. He was the most powerful and ruthless chief whip Parliament had known for some decades. But in forming his new government, Churchill dismissed him. On Tuesday Margesson's face was flushed and serious. In contrast, Colonel Moore Brabazon strolled in with debonair insouciance. This brilliant man was the first Englishman to fly. He has a magnificent brain, splendid ideas, ironic philosophy which is most attractive. He was probably a better idea man than an administrator. His successor at the aircraft ministry is Colonel Llewellin who was second in command to Beaverbrook when he was there.

Llewellin is a bachelor, adroit, hard as nails, gets things done. His has been a swift rise and the pace was accelerated by Beaverbrook's enthusiasm for him. Beaverbrook himself was not present in the peers gallery. He is suffering badly from asthma and is at his home in Leatherhead. Momentarily and perhaps permanently, he is out. He has genius and colossal drive, but his tempestuous nature makes it diffi-

(Continued on page 2, col. 2)

U. S. Can Again Lend Money to Canada

Canada Delighted With Change in Neutrality Act Which Permits Borrowing by Belligerent — But to Move Slowly

By KENNETH R. WILSON

OTTAWA. — Important refunding operations by Canada in the United States during 1942 are expected to follow the repeal of Section 7 of the Neutrality Act which heretofore barred belligerent nations from borrowing in that market.

The speedy endorsement by Congress of President Roosevelt's proposal was received here with intense gratification.

Immediate interest centres on the 5's of '52—a $100 millions issue payable in New York which becomes callable on or after May 1, of this year. Other Dominion and provincial issues will be affected subsequently.

Depends on Market

How soon Canada will move to undertake a refunding will depend on market conditions. At the moment Canadian issues are quoted on a yield basis of between 3¼ and 3½% in New York and with the Neutrality Act barrier cleared away there is expectation that this rate will gradually improve to something nearer the 3% rate which prevails in Canada. It is regarded as shortsighted to rush immediately to call the 5's of '52 at 100 if by waiting a few months a much more advantageous rate could be obtained.

Manitoba recently refunded a $2¼ million 5½% issue which matured Mar. 1. The province issued $359,000 2-year 3% bonds payable only in the U. S., $928,000 4-year 3½% bonds payable only in Canada, and the remainder was paid off in cash.

Ottawa officials refuse to speculate as to whether or not Canada will undertake new borrowing in the U. S. apart from refunding operations. As far as the current Victory Loan is concerned, it is illegal to offer these bonds for sale in the U. S. without prior registration with the S. E. C. It is possible, however, that Canadians living in the U. S. may voluntarily subscribe to the issue or that large international corporations may purchase the bonds of their own accord.

Had to Turn Them Down

In the past Ottawa has been in the embarrassing position of having to send back hundreds of offers from U. S. residents who have wanted to purchase Victory Bonds or War Savings Certificates in Canada. There has also been some hesitancy on the part of certain large insurance and other corporations so long as Section 7 of the Neutrality Act was on the statute books.

Weighing strongly against a large flotation of war bonds by Canada in the U. S. is the fact that interest rates on Canadian bonds are now higher there than in Canada and the fact that any issue of this sort is, in effect, passing the buck of war finance to future generations. It is an "easy" way which Canada has so far been anxious to avoid. The government has heretofore shown a strong disposition to carry the burden by direct taxation and by direct borrowing from its own citizens rather than look elsewhere for relief.

Would Have Everybody in on Insurance Plan

By STAFF WRITER

OTTAWA.—Organized labor came out last week for wide-open Unemployment Insurance in Canada—insurance which would exact the top bracket contribution ($18.72 per year) from presidents, general managers, executives and all persons earning more than $2,000 per annum.

The representations were made before the first public hearing of the Unemployment Insurance Advisory Committee, chaired by Dr. W. A. Mackintosh. The committee is charged with making an annual report on the state of the insurance fund prior to Feb. 28 in each year. As well, it was charged this year with permanently amending the statute in connection with P.C. 10156 which extended the $2,000 statutory limits of the act to those excluded by reason of war bonus payments and earnings.

Tom Moore spoke at the public hearing of the Committee on behalf of the Trades & Labor Congress. He urged, first, that there be no salary limit on contributions and that the present maximum contribution (36 cents weekly) be paid by all those earning $2,000 or more per year. An alternate suggestion was a top limit of $3,000 with rates remaining at present levels.

Removal of the "ceiling" was concurred in by the Canadian Congress of Labor, and various labor groups representing organized railway employees.

Urged by Others

Other bodies which urged modification of the present ceiling included: the Windsor Chamber of Commerce (a $3,000 limit with insurance over $2,500 on a voluntary basis); Calgary Board of Trade (limit the extension to those affected by the war); Brotherhood of Locomotive Firemen and Enginemen ($3,600 or else the maximum coverage practicable).

Both the Canadian Manufacturers' Association and the Canadian Life Insurance Officers Association urged no change but the latter group inserted a proviso that if any change had to be made, it should be related to the increased cost of living and not exceed a ceiling of $2,200.

John Irwin Gets Control Of Dye Trust

From Our Own Correspondent

MONTREAL.—Following transfer of control of Consolidated Dyestuff Corp. to John Irwin, Montreal, the name of the company has been changed to Irwin Dyestuff Corp.

This change brings under complete Canadian ownership the company in which there was, prior to the war, a substantial German interest.

Transfer of ownership to Mr. Irwin was made by the Custodian of Enemy Property who took over the business in Sept., 1939, and under whose supervision it has operated since.

Irwin Dyestuff Corp. will continue to represent in Canada and to draw supplies from the General Aniline and Film Corp. of the United States, and General Dyestuffs Corp., both of which U. S. firms had been represented here previously by Consolidated Dyestuffs.

In the United States, General Aniline which, before the war, was the principal subsidiary of the German Dye Trust (I. G. Farbenindustrie A. G.), is now being run under the personal control of the Secretary of the U. S. Treasury, Henry Morgenthau, with John E. Mack, former New York State Supreme Court Justice as president.

It is emphasized that with the taking over of General Aniline in the United States by the Treasury Department, and Canadian ownership of Irwin Dyestuff Corp. in Canada, German interests have been entirely eliminated.

Hat News FROM EATON'S

Just Arrived for Spring!

FINE HATS from Christy of London

We have just received from England our Spring shipment of Christy hats. They all embody the same high quality, fine workmanship and superb styling that you always associate with this famous maker! Fur felt in medium and dark grey, Air Force blue and brown. Sizes $6\frac{3}{4}$ to $7\frac{1}{2}$. Each . . .

7.50

Main Store — Main Floor.

THE T. EATON CO. LIMITED
TORONTO CANADA

The War And Business

Using Sales Staff

What to do with highly trained salesmen whose usefulness in their ordinary trade has been reduced by war restrictions is currently quite a problem for some firms. Ideas that can be followed include bringing the salesmen into the plant so as to keep at least a nucleus of trained men while, at the same time, giving experience which will probably broaden the salesmen's view of their job. Their experience in selling can also be used to train clerks and other employees in merchandising techniques. Firm heads stress, however, that while dealer contacts may be made less often than before such contacts should be maintained. The cost of maintenance will prove much less than that of re-establishment.

* * *

Higher Income Taxes

Ottawa looks for a late budget—one which will put major emphasis on higher income taxes.

Politically, the emphasis will be on "soaking the rich" but the only effective way to cut down exempted income in the higher brackets is to increase the rates at the lower end.

Away up top, the men who enjoy big incomes get taxed now at rates as high as 96 cents on the top-bracket dollars. The fact they are able to have as much as \$100,000 left to live on (those earning \$50,000 or more) is because of big exemptions on their earlier income brackets.

* * *

"Was We Robbed?"

Another tax dilemma is the raising of sales and excise taxes without pushing up the cost-of-living index and starting a minor price-wage spiral.

Most probable course will be to take labor groups into the government's confidence and exclude the new taxes from the cost-of-living index.

Labor, at the moment, is suspicious of the index since its failure to rise in February "robbed" thousands of workers of an expected bonus. Therefore anything which looks like tinkering with the index is liable to cause a flare-up.

But new revenue sources must be found and if higher sumptuary taxes are necessary they will most likely be handled in this way.

* * *

Attack to be Renewed

Now that Hon. Humphrey Mitchell is officially seated in Parliament and back at his desk in the Confederation Block, there will be a renewed attack on the man power problem and on some plan to organize selective service.

It is assumed that Mr. Mitchell will become Canada's man power czar but that he will use his powers sparingly until he gets the feel of the situation or until some sort of national emergency forces the government to abandon cautionary measures.

* * *

How Much Cost

Most common question asked at Ottawa is how much the new price ceiling subsidy payments may be expected to cost.

Even in private conversation, the men who should know the answer to this query refuse to commit themselves. The reason? Subsidies, so far, are being paid on a temporary basis, and it is thought too early to know what the ultimate pattern will be.

Example: milk. The present estimate of \$1 to \$2 millions covers only a few months until the entire milk price structure in Canada is recast. After that job is done there may be a clearer picture of what's ahead.

First subsidy debate in Parliament will probably be on grapefruit juice, about which a question has already been asked on the order paper.

It is rumored at Ottawa that the decision to pay this subsidy actually reached a deadlock at the Price Board powwow and that the deciding vote was cast by the chairman — Price Czar Donald Gordon.

* * *

The Real Pinch

The real pinch on subsidy payments and the price ceiling will come when business volume drops because of short supply of raw materials, etc.

Said Wholesale Trade Administrator Chisholm recently:

"The most serious threat to the whole plan for price control is the possibility of supply shortage. A plant which is able to absorb a certain squeeze now will be in a very precarious position if the supply of their raw materials is cut in half. Obviously they would then have a tremendously increased unit cost without the usual compensatory alternative of getting higher prices for their reduced output."

The Senate Should —

The Financial Post regrets that these two replies to its question this week (see page 15) were received too late for inclusion there.

Norman A. MacKenzie

President, University of New Brunswick.

I doubt whether the Senate can be more useful unless certain changes are made in its constitution and composition. To be more useful it must play a more important part in the government of the country and have more responsibility than it now has. Appointment for a term of years or election might make for a younger personnel and greater activity than present arrangement. Assignment of special duties, for example, external affairs or federal-provincial relations, might make for greater public interest in the Senate's work and consequent greater sense of responsibility and greater activity on the part of the Senate.

George J. Trueman

President, Mount Allison University.

Too large a percentage of senators are party politicians who have been appointed to office through changing political fortunes. It would be vastly better if there was a wider representation of Canadian life in its many phases; more men of sound judgment, courage and sincerity who have not been interested or involved in narrow party strife; men in the professions, education, business, industry, agriculture. This would not only make the Senate more widely representative, but would make available for service in our parliament capable men who because of their interests sensitiveness and reserve could not otherwise be induced to enter public life.

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Quebec's Gouin Plan Adds to Power Supply

From Our Own Correspondent

MONTREAL. — The Quebec government announces a three-foot addition will be built on top of the Gouin dam on the upper St. Maurice River in order to provide more hydro power for war industries.

The addition is expected to increase the supply by 66,000 h.p. annually. At present the waters impounded by the Gouin dam enable the hydro-electric plants built between the dam and Three Rivers to generate 1,034,050 h.p. annually.

HOLD HIGH THE TORCH OF FREEDOM

BANK CREDIT ESSENTIAL TO DEFENCE

Loans needed to further Canada's war efforts naturally have priority at the Bank at this time. However, commercial credits for normal constructive purposes are being supplied as usual.

The maintenance of a sound, smoothly functioning, normal-times economy is fundamental to national defence — and banking service has an important part in such maintenance.

No matter what your line of business, you are invited to discuss your financing problems with the manager of our nearest branch.

BANK OF MONTREAL

"A Bank Where Small Accounts Are Welcome"

Modern, Experienced Banking Service... the Outcome of 124 Years' Successful Operation

A112

Dunlop Faces Readjustment

Outlook for the Canadian rubber industry is "very obscure" states James I Simpson, president and general manager of Dunlop Tire & Rubber Co., "and a readjustment of the company's production and distribution organizations will be necessary." Situation arises from curtailing civilian consumption of rubber in Canada.

Production of webbings and elastics by Canadian Lastex Ltd., in which Dunlop is interested, has been prohibited but this company is endeavoring to utilize its covering equipment in the manufacture of other materials primarily for war needs. The lastex organization experienced a considerable improvement in sales last year but higher costs brought reduced earnings which were still more than sufficient to meet all debenture and sinking fund requirements. As working capital was in excess of immediate requirements, Canadian Lastex redeemed a further \$44,000 of the \$114,000 debentures held by Dunlop.

Last year Dunlop continued to share in the general expansion of industry. Further capital expenditures were necessary to meet increasing war demands.

Comparative details of income account and balance sheet are given elsewhere in The Post.

Bond Redemptions

Inter. Paper, A	*6%	1955	Mar. 1	105
Acadia Sugar	†4½%	1955	Apr. 1	102
Saguenay Pr. B	‡4¼%	1966	Apr. 1	104

*\$419,500. †\$24,000. ‡\$367,000.

WOOLLEN BLANKET MILL FOR SALE

Running night and day on Government orders, also on civilian orders for best Canadian Wholesale, Department Stores and Mail Order accounts. Well organized, modern automatic equipment. Terms cash. Owner wishes to retire owing to ill health. Write for appointment to Box 246, The Financial Post, Toronto.

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Buckingham Catholic Sch. Board, P.Q.	Feb.	....	4%	11-yr. ser.	\$17,000	100.25	.....

Can Churchill Weather Storm?

(Continued from page 1)

cult for him to treat men as equals. There was strong opposition to him inside the cabinet and there was opposition outside from people who had felt his lash. Next to Churchill, he has been the most powerful minister in the war. Perhaps he was too powerful for his own good. At any rate he is out, leaving a record of good work, violently and valiantly done.

Another man who has attracted enormous interest is Sir James Grigg. His is the most unconventional appointment of all. He was head civil servant in the war office. He is a quiet-spoken man, with the appearance of a senior civil servant. In the last three years he has served under Hore Belisha, Oliver Stanley, Anthony Eden, and David Margesson. He served them faithfully, but also had his own ideas of what should be done to the war office, and, believe me, they are very rough ideas indeed.

So Churchill has put him in supreme authority. Not even a member of Parliament, he becomes Secretary of State for War. I predict some tough fights in Whitehall, especially that part of it that houses the war office.

Oliver Lyttellton, who comes back from Cairo, is a good-looking, tall and tough administrator of business companies. He comes of a distinguished educational family, and had the traditional Eton and Cambridge education.

But in the last war he showed his mettle. He was said to be quite fearless. Now he is to supervise production from the war cabinet with Sir Andrew Duncan as virtual successor to Max Beaverbrook.

What is Churchill's future? On Tuesday he told the House why he had to remain as Minister of Defense. In the end he must be responsible for the conduct of the war and there could be no place for a defense minister between himself and the chiefs of staff. He will miss the vitalizing bravado of Beaverbrook's temperament. He will miss the plaudits of the crowd, for there will be nothing to cheer about for many weary weeks. He is not a good butcher and will miss the loyalty of ministers he was forced to decapitate.

What is more he will miss the daily contact with Parliament, for he is a great House of Commons man. The nation loves Churchill and Parliament is loyal to him, but his future will be decided by events in the field. If there are blunders as well as disasters, then brilliant, lucky Stafford Cripps must come even more into the picture.

That is why, I repeat, that Parliament on Tuesday was like re-assembling school when boys in fifth form said for the first time not, "good-by, Mr. Chips," but "good day, Sir Stafford Cripps."

Bond Tenders

12 noon, Feb. 26, Canada Treasury Bills—\$45,000,000, dated Feb. 27, 1942, payable May 29, 1942.

Envelopes for every purpose

Barber-Ellis of Canada, Limited

TORONTO BRANTFORD

BRANCHES FROM COAST TO COAST

It's Employee Savings That Loan Workers Are Watching

By STAFF WRITER

OTTAWA.—Putting it very bluntly, there is more rejoicing here over the 999 wage-earners who sign up for regular Victory Loan purchases on a payroll savings or other small-time basis than there is over the one multi-million dollar subscription which makes the headlines in the daily press.

Nation-wide success of payroll savings is deemed a matter of great importance to the national economy as well as to the success of the loan.

It means that war workers and others whose pay envelopes are bigger because of the war effort, are helping to pay for the war and at the same time channelling back money which might otherwise go out along Main Street and aggravate the inflationary spiral by competing for a dwindling supply of civilian goods.

Ottawa's payroll savings-employee canvass drive covers 5,000 firms with over 1,500,000 workers. Keynote is set out in a statement to field organizers by George W. Spinney, chairman, National War Finance Committee in which he stated: "Real success will be measured by the extent to which we succeed in persuading wage and salary earners throughout Canada to forego other purchases and put their money into Victory Bonds."

No cumulative total is yet available but one day's returns (Monday, Feb. 23) showed 17,861 subscriptions from workers totalling \$1.8 million.

Over 100 companies in Ontario during the first week of the campaign exceeded employee canvass quotas set for them, in most cases anywhere from 25 to 400%. Number of employees in each plant ranges from 70 to 100% of total payroll.

Ontario Hydro Load Up 21%

Peak power load for Hydro-Electric Power Commission of Ontario in Jan., 1942, was 20.7% above the same month a year ago for primary power and 16% higher for the combined primary and secondary load. This time the Niagara system shows the greatest gain with 24.8%, followed by eastern Ontario with 19.4% and Thunder Bay with 12.5%.

Last month, the combined primary load demands in the Niagara, eastern Ontario and Georgian Bay systems was 1,522,000 h.p. The corresponding figure for 1941 was 1,883,000 h.p.

Maximum 20-Minute Peak H.P.

System:	Jan., 1942	Jan., 1941	Incr. %
Primary Loads:			
Niagara	1,654,558	1,326,273	+24.8
Eastern Ont.	180,976	151,606	+19.4
Georgian Bay	47,500	44,212	+7.4
Thunder Bay	107,480	95,509	+12.5
Northern Ont.	206,576	202,934	+1.8
Total	2,197,090	1,820,534	+20.7
Primary and Secondary Loads:			
Niagara	1,714,611	1,530,965	+12.0
Eastern Ont.	180,976	151,606	+19.4
Georgian Bay	47,500	44,212	+7.4
Thunder Bay	134,209	95,509	+40.5
Northern Ont.	272,528	202,934	+34.3
Total	2,349,824	2,025,226	+16.0

Hart Battery

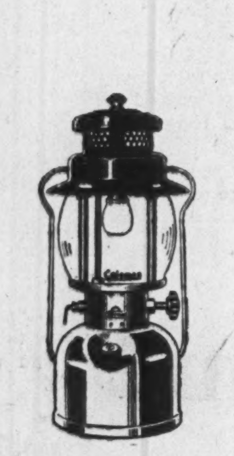
Reflecting a larger volume of business, Hart Battery Co. reports net income in 1941 of \$78,757, compared with \$73,477 the year before. Net profit of \$27,218 was equal to 54 cents a share, against \$25,306, or 50 cents a share in 1940.

Working capital increased from \$373,218 to \$392,322. The only change of importance in the balance sheet was an increase in cash on hand from \$38,829 to \$86,479.

Comparative figures on the profit and loss statement follow:

Income and Surplus Account
Years Ended Dec. 31

	1941 \$	1940 \$
Net income	78,757	73,477
Less: Exec. salaries	13,187	12,237
Directors' fees	2,360	2,380
Depreciation	14,092	16,055
Tax provision	22,000	17,500
Net profit	27,118	25,306
Less: Dividends	20,000	20,000
Surplus	7,118	5,306
Previous surplus	206,126	198,320
Add: Sale of assets	......	2,500
Tax adjustment	2,142	......
Surplus forward	215,386	206,126
Earned per Share	54c	50c
Working Capital	\$	\$
Current assets	431,090	410,307
Current liabilities	38,768	37,089
Working capital	392,322	373,218



IN A WORLD OF DARKNESS

A moonlight night can bring tragedy. An unguarded light may be treason. But even in a world of darkness, dependable light is still a blessing to mankind. In hospitals with surgeons at work; in air raid shelters crowded with humans; in factories rushing equipment to embattled forces — in scores of places when generating plants fail, or power lines are damaged — then Coleman lanterns become the essential bearers of light. Coleman lanterns are on active service now in the Netherlands East Indies; China, South Africa, Libya, Panama, South America, England, Hawaii — the roll call of the United Nations. Let us tell you more about Coleman Lanterns as emergency lighting equipment for airfields, factories, hospitals, etc., or as field equipment wherever good light is essential.

COLEMAN LAMP AND STOVE CO., LTD.
TORONTO CANADA

GENERAL TRUST OF CANADA

112 St. James Street - MONTREAL

STATEMENT AS AT DECEMBER 31, 1941

ASSETS

Capital Accounts:	
Total assets of the Company	\$ 1,410,864.67
Guaranteed Accounts	2,075,986.09
Estate, Trust and Agency Accounts	49,680,772.69
Safe Custody Account	38,410,354.69
	\$91,577,978.14

LIABILITIES

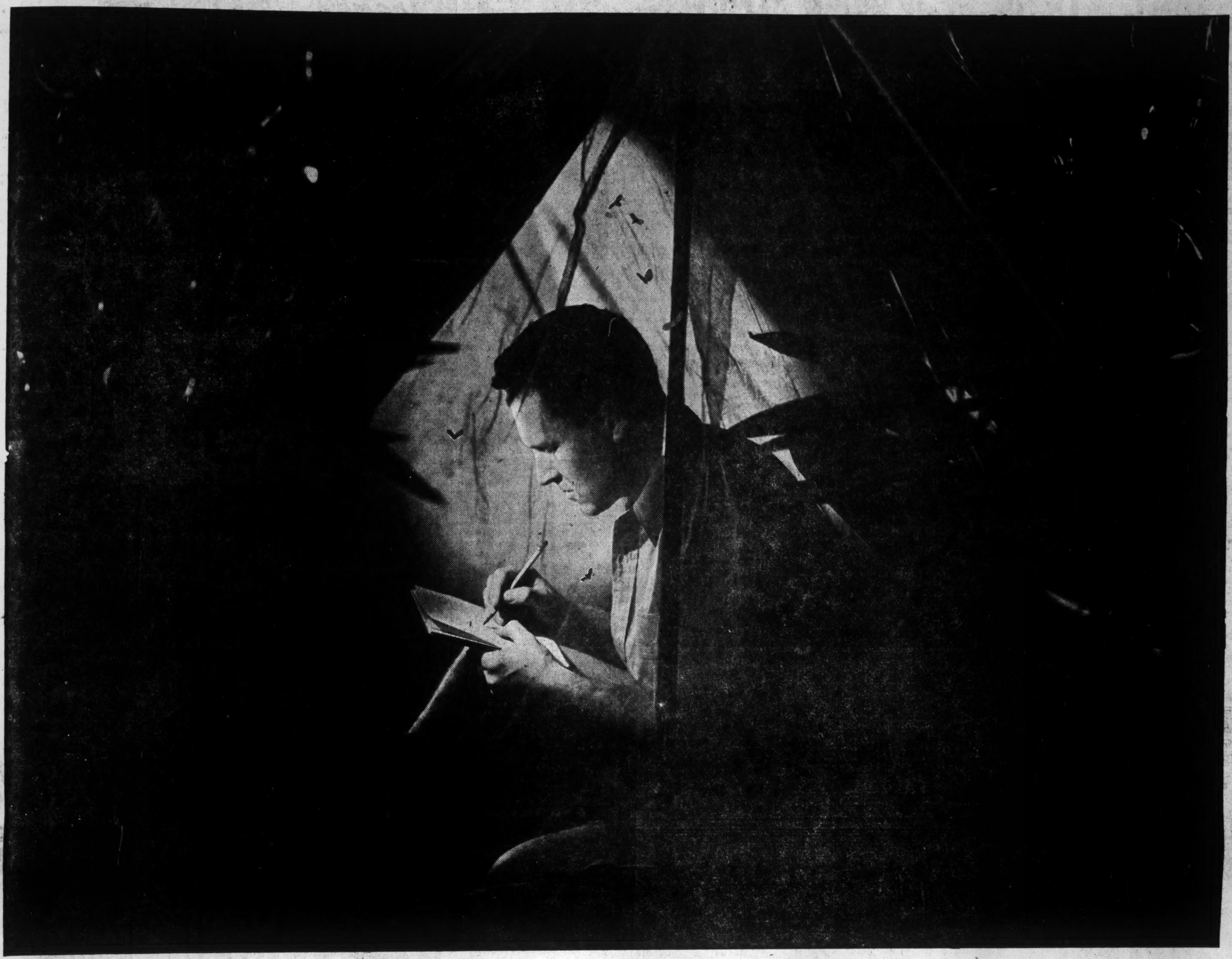
Capital Account:	
Accounts payable	19,649.40
Reserves	79,946.61
Profit and Loss Account	206,268.66
Capital Stock	1,105,000.00
	1,410,864.67
Guaranteed Accounts	2,075,986.09
Estate, Trust and Agency Accounts	49,680,772.69
Safe Custody Account	38,410,354.69
	\$91,577,978.14

SPEED is vital in this ship

and VITAL in this LOAN

BUY THE NEW VICTORY BONDS

The above is a reproduction of a large poster contributed to the Director General of Shipbuilding by THE ONTARIO PAPER COMPANY LIMITED, THOROLD, ONTARIO and the QUEBEC NORTH SHORE PAPER COMPANY, BAIE COMEAU, QUEBEC.



"Here's why I think I'm going to die tomorrow in Burma"

IT'S the evening of January 23, when I'm writing this, folks, and I'm a long way from home.

The big, red sun is going down back of the mountains. And that sun looks the way Conrad and Kipling described it. It looks better, I guess, to me, because next sunset I figure I won't be around to help see that it gets down all right.

The word's around that the Japs are attacking tomorrow morning. They are bound to kill some of us—and I have a hunch that tomorrow is my day.

I'm not scared, and I'm not mad, but I do have a few words I'd like to say to you people back home.

The reason so many of us are getting killed is not because we're poorer soldiers than the Japs. It's because we haven't got as many planes or as many tanks or as many big guns as the Japs have. As long as this situation exists, we'll keep right on getting killed.

We know it isn't just the fault of you folks that we don't have the stuff we need to fight with. I know we in Canada were caught flat-footed. I know England lost most of her heavy equipment at Dunkerque. I know the United States didn't really get started till after Pearl Harbour.

But that's *past history*. By God, by *now* we have a right to expect the proper sort of arms . . . and expect them quick.

I understand our government is putting on another Victory Loan drive, so that we can have more of these arms—faster!

To buy these new Victory Bonds, some of you may have to sacrifice your entire bank account. Or borrow on your insurance. Or deprive yourself of every convenience you've been used to for years.

This may seem like quite a sacrifice to you. But I don't think it would seem *too* big if you were over here with us tonight.

Thank you, I think I'll go shave.

Buy the NEW VICTORY BONDS

This advertisement prepared and contributed by

Young & Rubicam, Limited, *Advertising*

Montreal and Toronto

How the Referees on E. P. Taxes Work

Mr. Justice Harrison Explains Basic Principles

Mr. Justice W. H. Harrison, chairman of the Board of Referees under Canada's Excess Profits Tax Act recently explained the work of his board and how it arrived at its decisions before the Ontario Division of the Canadian Bar Association. His address is summarized below.

Canada's excess profits taxation has been developed to its present position as a result of successive amendments to the original 1939 law. One of the features in the Canadian practise is the work of the Board of Referees. This board deals with situations where no record of standard profits is available or where they are so low that it would be unjust to tax the resulting excess without providing some relief.

In actual practice, this means that the board deals with:

1. New businesses.
2. Depressed businesses.

New businesses are classified as those which started operations after Dec. 31, 1937. All such business must go to the board to have their standard profits determined.

Also any company which increases its capital to the extent of 33 1/3% after the beginning of its fiscal period in the standard period (1936-1939 inclusive) and issues capital stock for this increase may apply as a new company.

In handling the appeals of the new companies for settlement of standard profits, the board takes as its measure the rate of return on capital earned by companies which were in the same business during the standard period. The board itself selects the particular companies which are to be used as a standard of performance and, if necessary, makes adjustments to assure "similar circumstances" for the taxpayers and so get a "comparison of like with like."

In the case of new companies the limitation of 10% on capital does not apply.

Ignores Stated Values

In its definition of capital, for either new companies or depressed companies, the board ignores the stated capital value as shown on the balance sheet of a company. It goes back to the actual price paid for the assets used. In cases where capital stock was issued in payment for assets, the board uses its facilities and powers to determine what it considers would be a fair value for such stock and uses this as the cost of the capital assets.

The second category of companies coming before the board is that of those who claim their business was depressed during the standard period. One of the first problems of the board is to determine just what "depressed" in this case means.

When Depressed

In the first place the board considers, generally and with few exceptions, that any business which did not earn 5% on its employed capital during the standard period was depressed. This is considered a fair implication from the provision that depressed taxpayers are entitled to a minimum award of 5% upon their capital. There may be certain types of businesses which never have earned, and never contemplated earning as much as 5% on their capital. In such a case the board leaves the taxpayer with his own yearly average profits.

The board cannot award any amount less than 5% if it desires to award a rate different from that actually earned by the taxpayer.

How Measure Depression

The question promptly came up as to how the board was going to measure the depression of a particular company. Businessmen themselves advance several different standards of performance to measure depression. One man may feel that if his average net profits in 1936-39 were less than in the boom year of 1929, he was depressed, thus making "prior performance" a test of depression.

Another might contend he was depressed if he failed to make as much as his competitor, adopting "comparative performance" as a test.

Still another might feel he was depressed if he did not net his customary 5% on sales, or advancing an "inherent or absolute" test.

No Generalized Rules

From the wide variety of claims confronting the board it early became evident that a study of profits behavior and earnings rates in various industries might produce some helpful conclusions. The board, therefore, had a large number of statistical studies made covering the results of business from 1925 to 1939.

These studies did not provide the board with any generalized rules of thumb which can be universally applied to the claims coming before it. On the other hand they did provide a helpful, and fairly lengthy, record of business experience which emphasized the differences, rather than the similarities, in the individual businesses which constitute an industry, a frequently overlooked fact.

These studies failed to provide any single, simple test for depression and gave no general mathematical formula for ascertaining standard profits. What they did was to indicate the limitations of generalizations when applied to business and lead to the conclusion that administration of the Excess Profits Tax Act would be best served by considering each claim on its own merits rather than as part of a uniform group. The act suggests a comparative test and recourse to the earnings of competitors as a basis for judgment.

Was There Deterioration?

The test need not be whether the applicant company earned the same rate on capital as its competitor but whether the applicant's position, relative to its competitors in the matter of earnings over a number of years, deteriorated in the standard period.

The board aims to give each applicant the rate of standard profits which he might have earned during the standard period had he not suffered from special disabilities whether these disabilities were common to the industry in which he was engaged, or peculiar to himself, and provided these disabilities could not be considered permanent. In arriving at the rate for individual taxpayers, the individual experience is the chief factor in determining the standard profits.

The board considers what the company earned in its prosperous period and what percentage of the profits of its prosperous period it could have been expected to earn in the standard period.

Arguments Not Admitted

Arguments put forward by taxpayers which are not considered relevant include:

1. The claim to recoup out of profits the amounts necessary to compensate for past lean years and possible future lean years.
2. The claim that certain types of business are entitled to a certain rate of return regardless of past performances.
3. The claim for increased standard profits because of borrowings or heavy inventories which make it difficult to raise money to pay taxes.
4. The claim to have sufficient profit, after taxes, to pay fixed or customary dividends or debt repayment obligations.

Low Capital Groups

Most difficult provision of the act for the board to administer has been that inserted in 1941 to permit the board to award a standard profit where a standard profit limited to a certain return on capital would not do justice. In this group comes three classes of companies:

1. Those carrying on a personal service type of business where capital is not an important factor.
2. Those with capital abnormally impaired through losses so that limitation of 10% upon capital left would be far below the actual earning power of the company.
3. Those with abnormally low capital due to extraordinary circumstances.

The first class includes such businesses as fire insurance brokers, real estate agents and other service types where it is evident no plant is necessary nor any considerable amount of working capital. The context of the act in this connection implies a broad definition of capital. To limit standard profit to 10% of capital would not be realistic. In such cases the board looks at the earning power of such taxpayers in their profitable periods as compared with the standard period.

The second class is that in which capital has become impaired. There are companies with no equity capital—that is liabilities together with depreciation calculated at income tax department rates exceeds assets. In such cases no capital standard is possible and the board looks at earning power.

In the third class, where capital is abnormally low, one test applied is to compare capital employed with that of other companies engaged in the same kind of business. If the ratio of capital to gross sales or turnover is very much less than that of others in the same business, there is ground for finding that capital is abnormally low.

The board has not attempted to classify rigidly those businesses in which capital is not a material factor in the earning of profits nor has it attempted to define abnormal impairment nor abnormally low capital. It has insisted that a taxpayer to be eligible under this section of the act must show low capital as a primary requirement.

An Administrative Job

Work of the board of referees is administrative and the board is an "entirely independent body who receive no instructions from the government or any minister as to the use of our powers under the act." It holds oral hearings at which applicants can bring legal counsel, accountants or any other assistants desired. The board itself employs no counsel as the hearing is essentially a factual one. Its proceedings are not held publicly, entirely for the protection of the applicant who, in order to make his claim, must disclose particulars of his business. It is his privilege to keep these details from the public and his returns to the board are considered as confidential as his income tax returns.

The Minister's decisions are final and large powers of discretion are allowed to the board. The awards made must be largely discretionary and cannot be dealt with upon fixed and rigid rules. Such administrative tribunals as the board of referees, however, must observe certain limits on their powers such as:

1. They must keep within the confines of the laws creating them.
2. They must observe natural justice, rendering honest decisions after hearing the parties.
3. They must have some relevant evidence on which to base their decisions.

Discretionary Decisions

Decisions of the board almost invariably involve matters of discretion. There is seldom any dispute as to the facts, taken from the taxpayer's own income tax returns, plus statements made in his applications or before the board. All decisions either leave the taxpayer under the general EPT provisions or, if any change is made in his position, it is by way of improvement although perhaps not always as much improvement as the taxpayer would like.

The board considers its duty to be equalization of the base of taxation so that all taxpayers may feel that their standard profits represent an amount that was actually earned or could have been earned in 1936-39.

For the most part the board excludes any references to wartime profits as a criterion of earning power in the standard period. It is willing to examine the record up to the end of 1939 but not beyond whenever it can be avoided. It has also resisted all claims for sliding scale or variable standard profits which could rise or fall with production or profits. Its recommendations of standard profits, when approved by the Minister of National Revenue, are fixed and invariable for the duration of the act.

TAKES WAR JOB

Appointment of J. Graeme Watson as Toronto representative of the Commodity Prices Stabilization Corporation is announced. He has opened offices at 330 Bay St. and will be available to all importers requiring information regarding the import policy of the Wartime Prices and Trade Board. Mr. Watson is a partner in the firm of Watson, Wallace & Co., members of the Toronto Stock Exchange, and a director of E. & S. Currie Ltd., manufacturers and wholesalers. He is also chairman of the board of governors of Upper Canada College. He served in France in the last war as a Canadian infantry officer.

Trends IN INVESTMENT

Stock market action in February might have been much worse. In the face of widely-read statements comparing Singapore's loss and other disasters with the fall of France, we had no such collapse of the stock market as was suffered in May and June, 1940.

Looking at individual share indices of major stock markets on this continent shows that Montreal has stubbornly refused to break through the 1940 low of 56.0 and is still about 4.5 points above the 1941 low of 52.3. In Toronto the comparative industrial average at 84.35 on Feb. 23 was 1.5 points below its 1940 and 1941 lows.

The Dow-Jones industrial share index in New York is lower than at any time since the war started and at 105.10 on Feb. 20 was more than six points under the low of June, 1940.

* * *

Composite bank line as calculated by E. G. Bulmer & Co. has completed eight weeks in an upward direction, thereby confirming a change in the economic trend in that firm's interpretation of the banking figures. They recommend re-purchase of securities over the next four to eight weeks, using any periods of price weakness as advantageously as possible. Because of possibility of unfavorable war news in the early spring, it is suggested that deferring of major purchases until toward the end of the eight week period is advisable. The expected unfavorable war news is likely to unsettle stock markets.

* * *

Outlook for British equities is not considered good, according to Whaley-Eaton in a recent foreign letter from Washington. Further lowering of standards of living to total-war levels will restrict profits to a considerable extent in manufacturing and distributing trades. Demand for cinema shares at a time when store shares are weak indicates that amusement is considered something of a war necessity.

British wholesale prices for basic materials were up only 5% in 1941 according to Whaley-Eaton. The official cost-of-living index increased 2% in the year with clothing up 21% but food cost came down 5% thus offsetting other advances and reflecting the use of subsidies. Since early February London stock market averages are off about seven points.

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Rev. M. Zeidman, Director

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This is one of the many cases that come to our attention.

The Scott Mission will see that they do not perish from hunger or cold.

To do this missionary work, we need your prayers and financial support.

We appeal for fellow-citizens, particularly women and children—who are underfed, ill-clad and suffer from cold.

"Blessed are the merciful."

A non-denominational Faith Mission that URGENTLY NEEDS and FULLY DESERVES your support.

Guard today against the typewriter uncertainties of tomorrow

– with Underwood maintenance service . . .

Years of new-machine performance are built into your Underwoods — let the builders see that you get it!

● Protect your Underwoods—they're vital to Canada's war offensive! Have them serviced *regularly* by Underwood Elliott Fisher's coast-to-coast maintenance staff.

They know the Underwood as only *the builders* can! Their skill and experience, *plus* factory tools, genuine parts and authentic adjustments, assure years of new-machine speed, accuracy, economy.

Underwood Elliott Fisher maintenance costs no more than unauthorized service! In one sense, it costs *nothing*—for the monthly charge is what you pay for a typewriter ribbon, and the service includes *a new ribbon every month.* Play safe—phone or write Underwood Elliott Fisher *now!*

UNDERWOOD TYPEWRITERS

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NO WONDER UNDERWOOD IS CANADA'S "7-OUT-OF-10 TYPEWRITER CHOICE" *According to Underwood Elliott Fisher records.

How Bankers Are Investing

Close Maturities Favored to Meet Need For Liquidity

By ROBERT C. STARK

Holders of over $1.6 billion in securities, Canadian banks over the past few years have been showing a decided preference for short term bonds over longer term issues.

In 1937, Dominion and provincial direct and guaranteed bonds with a maturity of two years or less totalled 29% of all chartered bank security holdings, government bonds with longer terms made up 62% and municipal issues 8% of the total. Balance was made up of other bond, debenture and stock holdings.

In 1941, Dominion and provincial bonds maturing within two years made up 44% of total security holdings, longer term issues had dropped back to 41% and municipals down to 5%.

This trend is indicated in the following table showing the percentage of the total securities held of short-term government bonds, i.e., those with a 2-year or less maturity, government bonds with a longer than 2-year maturity and municipal bond holdings:

	—% of total secs. held—		
	Shorts	Longs	Municipals
1941	44	41	5
1940	46	38	5
1939	39	42	6
1938	32	49	7
1937	29	62	8

Even the bond holdings of the banks which fall into the longer term category are still within the class usually known as short-term. For instance, the Bank of Montreal meeting in December was told that 96% of all the bank's investments mature before the end of 1946. Dominion Bank has 76% of its securities maturing within five years, Imperial Bank about 85% of its government holdings and 60% of its municipal bonds falling due within the same period. Bank of Nova Scotia has 77% of its portfolio maturing within five years.

This policy of putting a heavier accent on short-term bond holdings is the direct expression of the banks' desire to keep their investment position as liquid as possible.

Biggest reason for carrying such a load of short-term issues is to keep insurance against fluctuations in the market. While high-grade bond prices have shown a remarkable stability since the war began, cautious investment policy is prepared to recognize and guard against the possibility of any stiffening in money rates which would mean a drop in bond prices, particularly in the longer term issues.

Premium these investors pay for that type of insurance is the low yield which short-term bonds offer.

The slight rise in long-term holdings and decline in short-terms expressed as a percentage of total securities held by the banks in 1941 was due to sale of some shorts so that Victory Loan bonds could be purchased. From the standpoint of total investment, holdings of bonds maturing within two years increased to $721.4 millions in 1941 from $681 millions in 1940. At the same time longer term holdings went up to $680 millions from around $566.2 millions.

Fact that bank holdings of Canadian municipal issues have been dropping moderately reflects the general declining trend in municipal debt, which has prevailed throughout the Dominion over the last few years.

The following tables show individual bank holdings of short-term, long-term and municipal bond holdings and percentages of these holdings of the total security portfolio.

Government Bonds Maturing Within Two Years

	—millions of $—					—% of total securities—				
	1941	1940	1989	1938	1937	1941	1940	1939	1938	1937
Can. Nationale ..	33.0	14.1	16.0	7.5	6.7	44	23	26	15	12
Montreal	241.1	229.4	221.9	172.6	151.4	48	49	43	39	35
Nova Scotia	50.9	49.3	40.7	29.0	32.9	38	37	30	23	27
Toronto	32.5	24.8	15.9	7.2	10.9	43	32	21	11	18
Commerce	99.2	101.4	118.9	80.9	89.1	34	39	39	31	34
Dominion	19.2	21.2	19.2	9.8	10.4	45	56	31	18	19
Imperial	28.8	37.8	26.1	16.0	11.7	37	52	34	29	21
Provincial	6.8	1.9	12.7	7.3	4.8	25	9	40	28	19
Royal	209.9	201.1	179.3	106.3	95.7	49	56	46	33	30
Total	721.4	681 0	650.7	434.6	413.6	44	46	39	32	29

Government Bonds With Longer Maturity

	1941	1940	1939	1938	1937	1941	1940	1939	1938	1937
	—millions of $—					—% of total securities—				
Can. Nationale ..	22.7	25.7	21.4	21.4	23.0	30	42	35	42	43
Montreal	195.0	171.4	213.8	189.5	193.4	39	37	41	43	45
Nova Scotia	58.5	58.6	69.4	70.8	61.8	44	45	51	56	51
Toronto	36.9	44.2	50.4	45.0	37.5	48	57	65	70	61
Commerce	137.8	107.8	116.2	116.1	113.5	48	42	38	45	43
Dominion	19.0	12.7	35.0	37.9	35.2	45	34	59	71	65
Imperial	41.3	28.9	43.8	33.4	38.5	53	40	57	61	70
Provincial	7.5	6.6	5.3	6.8	9.9	29	30	17	38	35
Royal	161.3	110.7	136.0	153:3	149.8	38	31	35	47	47
Total	680.0	566.2	691.3	678.2	862.6	41	38	42	49	62

Municipal Bond Holdings

	1941	1940	1939	1938	1937	1941	1940	1939	1938	1937
	—millions of $—					—% of total securities—				
Can. Nationale ..	14.6	16.5	17.8	14.4	14.1	20	27	29	28	27
Montreal	18.0	20.1	23.8	28.8	37.3	4	4	4	6	8
Nova Scotia	10.6	11.1	11.6	12.8	12.6	8	8	9	10	10
Toronto	2.6	5.1	6.1	7.2	8.0	3	7	8	11	13
Commerce	9.4	8.6	9.5	9.7	9.0	3	3	3	4	3
Dominion	1.6	2.2	3.6	4.2	4.5	4	6	6	8	8
Imperial	6.5	5.6	6.2	5.0	4.1	9	8	8	9	8
Provincial	10.6	12.2	12.7	9.8	9.2	41	56	39	38	35
Royal	7.5	7.3	9.7	7.7	9.1	2	2	2	2	2
Total	81.4	88.7	101.0	99.6	107.9	5	5	6	7	8

Company Reports

Fanny Farmer

Sales of Fanny Farmer Candy Shops Inc. in 1941 jumped 28% over 1940 to reach a new high total of $10.8 millions. Cost of sales, materials, wages, studio expenses and shop expenses, increased 26% to $8.7 millions. After allowing for a $55,000 increase in depreciation to $255,000 and a $336,000 increase in taxes, net profit amounted to $977,835 or $2.72 a share, compared with $2.68 in 1940.

The company now has 312 shops in operation compared with 290 a year ago.

During the year two new reserves were created, $70,000 for inventories and $100,000 for leases.

Annual meeting will be held Mar. 4 in Rochester, N.Y.

Income and Surplus Account
Years Ended Dec. 31

	1941	1940
	$	$
Total sales	10,800,429	8,481,545
Less: Cost of sales ...	8,700,057	6,947,690
Admin. expenses ...	302,941	255,918
Operating profit	1,797,431	1,277,937
Add: Misc. income ...	53,876	51,301
Discount & exchg...	41,528	31,744
Less reserves for:		
Taxes	720,000	384,000
Inventories	70,000	......
Bonds	20,000	......
Leases	100,000	......
Insurance	5,000	......
Net profit	977,835	976,982
Less: Dividends	635,366	645,276
Surplus on year	342,469	331,706
Add: Prev. surplus ..	1,545,842	1,439,900
Less: Com. shs. purch.	112,042	227,763
Surplus forward	1,774,269	1,543,842
Earnings per share ...	$2.72	$2.68
Paid	1.75	1.75
Shares o/s	359,706⅓	365,051⅓

Working Capital

	1941	1940
	$	$
Current assets	2,285,852	1,694,890
Current liabilities	970,561	453,767
Working capital	1,315,291	1241,123

Page-Hersey Tubes

Profit from operations of Page-Hersey Tubes, Ltd., for 1941 largely exceeded that of 1940. Net profit, however, equivalent to $5.26 a share on the common, was slightly below the $5.41 a share earned for 1940. Dividends paid totalled $5 a share in each year.

Accounting for the smaller net in spite of much higher gross was heavier depreciation charge justified by continuous operation of plants and the increase in tax provision. The latter item is approximately three times that for 1940.

Working capital is up about $370,000 and has attained record levels. Feature of the balance sheet changes, as summarized below, was the large gain in cash and holdings of securities.

Last year the company spent $358,289 on additions to plant and equipment, almost exactly the same amount as spent in 1940.

Income and Surplus Account
Years Ended Dec. 31

	1941	1940
	$	$
Operating profit*	3,359,463	1,958,383
Add: Invest. income .	82,683	81,479
Net earnings	3,442,146	2,039,862
Less: Depreciation ..	677,357	472,414
Inc. & E. P. taxes .	1,847,362	625,397
Net profit	917,427	942,051
Less: Dividends	863,740	863,740
Surplus for year	53,687	78,311
Add: Prev. surplus ..	1,560,533	1,494,356
Less: Inc. tax adj. ...	......	12,134
Surplus fwd.	1,614,220	1,560,533
*After deducting:		
Directors' fees	5,999	6,299
Executive & legal ..	85,739	76,485
Earned per share	$5.26	$5.41
Paid	5.00	5.00
Shares o/s, n.p.v.	174,276	174,276

Working Capital

	1941	1940
	$	$
Current assets	9,905,738	8,102,678
Current liabilities	2,896,496	1,466,190
Working capital	7,009,242	6,636,488

Balance Sheet Changes

	1941	1940
	$	$
Cash	2,089,308	922,378
Investments	2,536,038	2,389,485
Market value	2,712,729	2,559,892
Accts. receivable	2,059,575	1,445,428
Inventories	3,188,843	3,313,412
Fixed assets	6,594,026	6,235,737
Less: Depreciation ...	3,944,378	3,237,021

Crown Cork & Seal

Operating profit of Crown Cork and Seal Co. advanced 47% in 1941 over 1940 and despite increased taxes, much higher provision for decrease in market value of investments and a new $42,000 inventory depreciation reserve, final net profit advanced to $3.02 a share against $2.43 in 1940.

Income and Surplus Account
Years Ended Dec. 31

	1941	1940
	$	$
Operating profit	611,962	416,749
Add: Capital asset adj.	62	105
Less: Taxes	255,289	172,709
Invest. depr.	11,937	900
Invent. depr. res. ..	42,000	......
Net profit	302,798	243,245
Less: Dividends	200,000	180,000
Surplus on year	102,798	63,245
Add: Prev. surplus ...	478,922	415,677
Surplus forward	581,720	478,922
Earnings per Share ..	$3.02	$2.43
Paid	2.00	1.80

Working Capital

	1941	1940
	$	$
Current assets	1,105,525	841,602
Current liabilities	425,863	285,137
Working capital	679,662	556,465

ESTATES MANAGER

D. P. MacDougall has been made estates manager of Chartered Trust and Executor Co.

Bond MARKETS

Canadian financing in the United States is currently a topic for some discussion in bond circles. Washington end of this gossip is sized up in the current letter of the Whaley-Eaton Service as follows:

"It is understood that the Canadian loan to be floated in this country will be a sizeable one, though it is not clear whether it will be a direct obligation of the Canadian Government or a Canadian National Railways loan, guaranteed by Ottawa. High opinion is that the loan will not materially affect the exchange rate, first because important Canadian elements want the premium on the American dollar to continue and, secondly, because there would be so much trouble in adjusting the sterling, American-Dollar, Canadian-Dollar cross rates."

Bond opinion in this country leans to the view that something might be done with the Dominion $100 millions 5% issue maturing in 1952 which was sold in the U.S. in 1922. This issue is redeemable on or after May 1, 1942, on 60 days' notice at par and accrued interest. Current market for this loan is only slightly above par which indicates feeling that it might be called. It is thought that a refunding loan might be floated in the U.S. at around 3½% which would mean a considerable interest saving to Canada.

• • •

Prince Edward Island on March 1 will make a 10% provincial tobacco tax effective. This imposition was passed by the Legislature at the 1941 session but was temporarily suspended due to existing litigation over a similar act in New Brunswick. The Supreme Court of Canada has since declared the New Brunswick act to be constitutional. Quebec and these two Maritime provinces are the only Canadian provinces t ocollect a tobacco tax.

Company Reports

Guelph Trust

Higher taxes meant lower net profits in 1941 for Guelph Trust Co. with net of 7.74% on paid-in capital comparing with 8.64% in 1940.

Estates, trust and agency account showed an increase of about $260,000 to $4.8 millions while guaranteed trust account declined moderately to $519,834. Guaranteed trust account shows mortgages down $62,000 to $399,036 while government bond holdings have almost doubled to $104,685.

Income and Surplus Account
Years Ended Dec. 31

	1941	1940
	$	$
Net earnings	43,172	40,095
Less: Taxes paid	13,737	6,847
Taxes reserved	6,000	7,000
Net profit	23,435	26,249
Less: Dividends	15,125	15,125
Surplus on year	8,310	11,124
Add: Prev. surplus ..	71,706	60,582
Surplus forward	80,016	71,706
Earns. on paid-in cap.	7.74%	8.64%
Paid	5.00%	5.00%

Liabilities to Public
As at Dec. 31

	1941	1940
	$	$
Trust funds	516,445	529,107
Secured by:		
Liquid assets	117,409	68,082
Mortgages & int. ..	399,036	461,025
Other net assets ...	533,517	525,206
	1,049,962	1,054,313
Estates, etc.	4,873,017	4,615,315

Guelph & Ontario

Taxes paid by Guelph & Ontario Investment and Savings Society, Guelph, in 1941, more than doubled the 1940 figure with the result that net profit declined to $3.95 a share from $4.04 in the previous year.

Bond and debenture holdings moved up around $42,000 while mortgages and agreements for sale increased $33,000. An improvement of $50,000 was noted in liquid assets during the year.

Income and Surplus Account
Years Ended Dec. 31

	1941	1940
	$	$
Net earnings	98,367	93,434
Less: Taxes paid	15,971	6,382
Taxes reserve	6,000	9,000
Net profit	76,366	78,051
Less: Dividends	57,912	57,912
Surplus on year	18,454	20,139
Add: Prev. surplus ..	30,761	30,622
Less: Tfr. inv. res. ...	18,000	20,000
Surplus forward	31,245	30,761
Earnings per Share ..	$3.95	$4.04
Paid	3.00	3.00

Liabilities to Public
As at Dec. 31

	1941	1940
	$	$
Debentures	2,428,919	2,451,702
Deposits	1,321,255	1,241,475
	3,750,174	3,693,177
Secured by:		
Liquid assets	923,116	873,773
Mortgages & int. ..	3,902,446	3,869,773
Other net assets ...	440,492	465,028
	5,266,054	5,208,574

Central Trust

Central Trust Co. of Canada, Moncton, N.B., had a net profit in 1941 equal to 6.13% on its paid-up capital, compared with 6.58% in 1940.

An expansion of some $200,000 occurred in the trusts and estates department while the guaranteed investment account was $80,000 higher at $1.1 million.

Income and Surplus Account
Years Ended Dec. 31

	1941	1940
	$	$
Net profit*	6,144	6,598
Less: Dividends	6,012	6,012
Surplus for year	132	586
Add: Prev. surplus ...	31,851	31,265
Surplus forward	31,983	31,851
*After expenses, taxes, depreciation, etc.		
Earns. on paid-up cap.	6.13%	6.58%
Paid	6.00	6.00

Liabilities to Public
As at Dec. 31

	1941	1940
	$	$
Guaranteed certs.	860,093	801,934
Savings, etc.	269,061	240,286
	1,129,154	1,042,220
Secured by:		
Liquid assets	81,066	5,865
Mtges, int., etc.	1,048,088	1,036,355
Other net assets ...	132,191	134,602
	1,261,345	1,176,822
Estates, etc.	4,627,380	4,437,013

Investment Notes

Estimating New Brunswick revenues at $10,803,781 and record high expenditures of $10,692,273, Provincial Secretary-treasurer J. J. Hayes Doone, forecast a surplus of $111,508 for the current fiscal year.

In bringing down his third budget, Mr. Doone estimated receipts would be $145,000 less than in 1941 and figured expenditures at $845,000 higher than last year.

• • •

Directors of David et Frere have declared an extra dividend of 15 cents a share, in addition to the regular quarterly dividend of 25 cents, payable March 31 to record March 16.

Last year the company paid $1 a share and in 1940, $1.10.

• • •

Lowell Harding, formerly of the U. S. Civil Aeronautics Authority, has assumed the duties of vice-president of Canadian Colonial Airways, according to a statement issued by Sigmund Janas, president. Mr. Harding replaces F. L. Duncan.

• • •

Canadian National Railways expenditures on the Montreal terminal in 1942 are estimated at $1.9 million, as against an outlay in 1941 of $3 millions.

Carryover work required to make use of various facilities previously constructed is estimated at $100,000. Work to be resumed includes completion of sub-track facilities, viaducts, elevated railway and grade separations, railway connections at Point St. Charles, and completion of electrification signalling and interlocking systems.

• • •

Brantford Cordage Co. is placed in a relatively favorable position by the ruling of the Department of Munitions and Supply which says farmers of Canada will be allowed all the binder twine they need to the extent of their normal requirements, although the twine is to be made of sisal and to contain no manila. This company is the largest manufacturer of binder twine in the British Empire, supplying about one quarter of the Canadian consumption and selling about two-thirds of its output in Canada and exporting the remainder. Crop conditions are the final determining factor in demand for its products.

• • •

Zellers Ltd., variety store chain, has declared a bonus of 20 cents a share on its common for the year ended Jan. 31, 1942, payable Feb. 25 (record Feb. 21). This brings total yearly dividends to $1 a share after initiating common dividends last May and draws attention to the expansion in sales. For the 10 months ended Nov. 30, 1941, sales of $7.4 millions were 23.54% over the like period of 1940.

• • •

Power Utilities—One factor to keep in mind in respect to long-term outlook is the big block of power now being used by war industries which will probably come back on the hands of the operators after the war.

• • •

Canadian Vickers—Action of the company's subsidiary, Montreal Drydocks, in eliminating bond arrears, draws attention to parent company's position. Earnings of Vickers have shown considerable increase. Interest was deferred until Feb. 1, 1942, by arrangement with bondholders. Bonds are now on cumulative basis.

• • •

Montreal brokers' loans—(St Exchange and Curb Market) as Jan. 31, 1942, totalled $5,754,997. decline of $425,123 from the p vious month's figure and $127.' more than at the end of January year ago.

• • •

Federal Grain Co. has declared $2 a share dividend on its preferred, second payment of this amount since 1931. Payment of the current $2 a share on March 2 to shareholders of record Feb. 20 will leave arrears at $67.50 a share.

• • •

Dome and Lake Shore—Incorporated Investors, large U. S. investment trust, bought 5,000 shares of Dome and 900 shares of Lake Shore in the three months ended Dec. 31 last. Holdings of each of these stocks now total 20,000 shares.

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FEATURES
in the March issue
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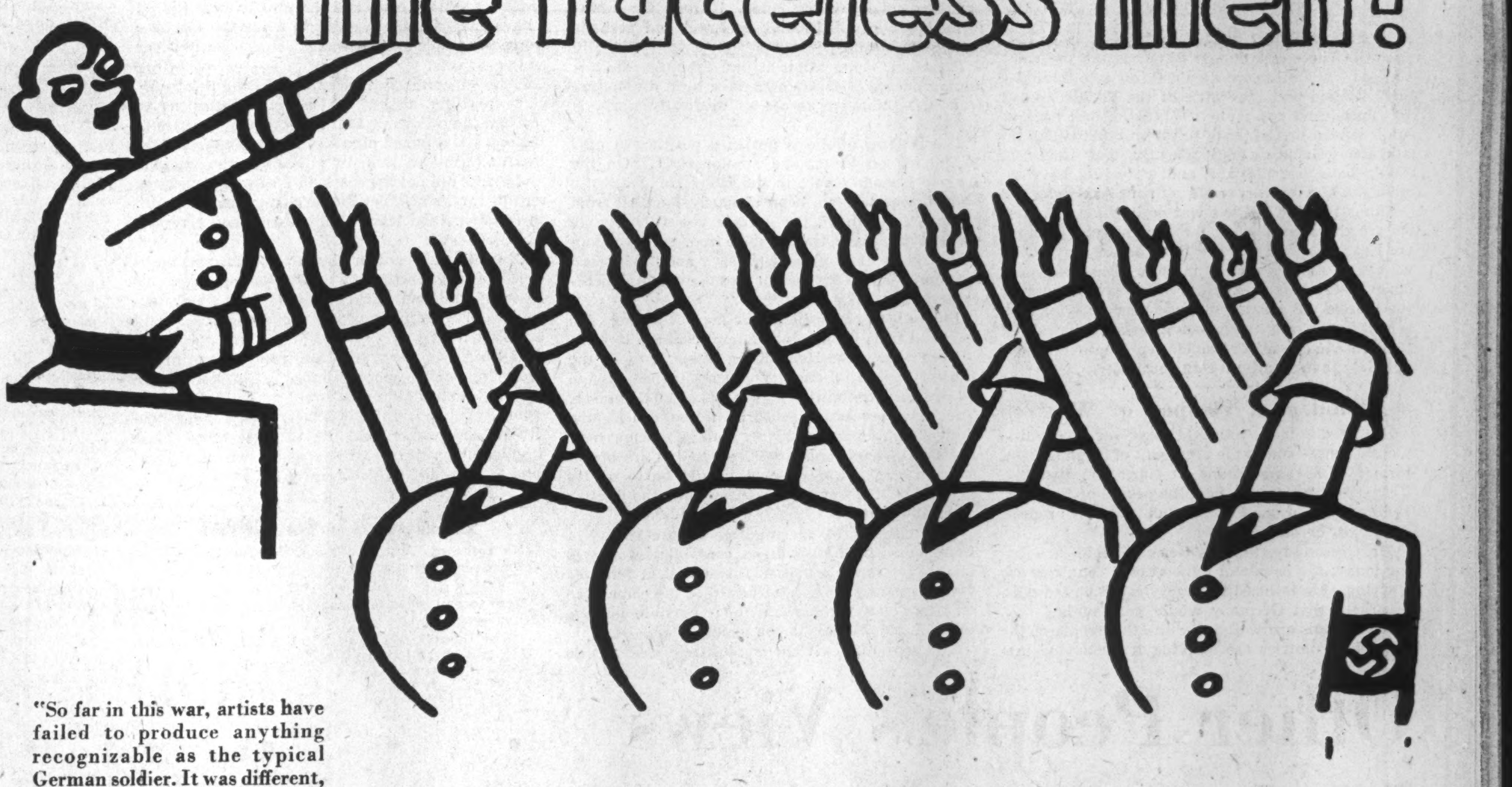
YOU against the faceless men!



"So far in this war, artists have failed to produce anything recognizable as the typical German soldier. It was different, of course, in 1917. We were looking over a collection of old cartoons, and there he was on almost every page—a fat-necked barbarian, wearing a spiked helmet and decorated with the Iron Cross. No matte who drew him, he was always the same; his name was Fritz and the balloon that issued from his mouth contained vaudeville Dutch. We look in vain for any such foolish, reassuring composite today. The artists still draw Germans, but there is no agreement among them and out of all the faces comes no face at all. It occurs to us that the faceless men are blank symbols of a race that has surrendered its identity."

Talk of the Town—New Yorker, Feb. 7, 1942.

THE faceless men . . . men without identity . . . without humanity . . . who march with linked arms against machine guns if they are not ordered to stop . . . who beat old men in the streets, and send their own mothers to concentration camps because the Fuhrer says it should be so . . . they are not just vicious, bloodthirsty men . . . they are automatons . . . without will . . . without desires . . . bred and trained to do one thing only, but that perfectly . . . the will of Hitler!

That is the difference between this war and the last one. That is why it is folly to compare our efforts in the last war with what we must do in this. This is *total* war!

The Nazi machine is relentless . . . no sacrifice is too great for it to demand . . . no price too high for it to pay to achieve its goal—Hitler's goal of world domination . . . a world of slaves to do his bidding, without will, without identity . . . a world of faceless men!

That is what we are up against . . . what YOU are up against. We *must* win this war, because *any* price that we pay for winning it will be less than Hitler will exact from us for losing it.

Once again, we are asked not only to *lend* our savings but to live less expensively and purchase Victory Bonds out of income, that the men who defend *us* from the faceless men may not go up against them unarmed.

PUBLISHED BY A LONDON FIRM IN THE BELIEF THAT ONLY BY BUYING VICTORY BONDS CAN WE DEFEAT THE FACELESS MEN

The Editorial Page . .

Where Canada's "Defence" Begins

There never was any question that conscription of Canadian troops for service in the United States, Newfoundland, Labrador, St. Pierre and Miquelon and even Greenland would be acceptable to the people of Quebec. So declares "Le Canada," of Montreal, confirming the interpretation put upon Quebec's position in a recent article in The Financial Post.

"Le Canada" argues that the province of Quebec understood right from the start that the war in Europe threatened the most vital interests of Canada, "for the defence of which its youth took up arms." But it adds that the point where there is a divergence of opinion is the meaning of the term "defence of Canada." It questions if most of the English-speaking people of Canada accept the doctrine that Canadian troops should defend Canada in Burma, Libya or anywhere else in the world. Says "Le Canada":

> "Nations, as well as individuals, appreciate dangers through their senses. The appearance of an enemy submarine in the Halifax roadstead or an air raid over the Citadel of Quebec would open the eyes and ears of many people, even in Winnipeg and Toronto.
>
> "But would the public outcry then be for conscription overseas? Manifestly not. We would, on the contrary, know the anguish felt at this moment by Australia and New Zealand on whom brutally dawns a conception of national defence that has long been shared by Canadians opposed to conscription."

"Le Canada" thinks that Canada, including Quebec, has accepted the evident advantage of beating the enemy outside of our own territory; that this has been demonstrated by the raising of so many troops, voluntarily, for service overseas. But it follows that up with an argument that to The Financial Post seems quite illogical; that having done so much, Canada has the strict duty of reserving conscription exclusively for the defence of her own territory.

If all of Quebec recognized, as "Le Canada" does, that this is Canada's war, then there would be only one simple and easily solved difference of opinion between Quebec and the rest of Canada That difference would merely be one of interpretation of what constitutes the "defence of Canada." Once the editor of "Le Canada" accepts "the evident advantage" of defeating the enemy before he sets foot on Canadian soil, it would not be difficult for him to go a little farther and accept the "evident advantage" of making Canada's contribution in defeating the enemy overseas an all-out one, including a plan for the democratic mobilization of man-power by selective compulsory service.

What complicates the problem is the fact that there are many editors and public men in Quebec who have not yet gotten the same conception of Quebec's danger that is evident in the mind of the editor of "Le Canada."

Too widely held in Quebec—and perhaps in some other areas of Canada, are these two ideas:

1. That Canada is not in much danger since there is little likelihood of Britain, the United States and the other United Nations losing the war overseas.
2. That if the worst does happen and the outer bastions in the Atlantic and the Pacific fall, then Canada will be able to defend herself on her own soil.

The Financial Post believes both ideas to be erroneous. There is a danger of our losing the war overseas. Therefore we should throw into the battle of Britain and the battle of the Pacific every contribution we can make. When the first enemy gun is landed on Canadian soil it will be too late to talk about Canadian defence. By that time we should have lost the war, and we would have to make the best terms possible with our Axis enemies.

Either this is Canada's war or it is not. Either we are threatened when the Axis attacks Europe, the Near East and the Far East, or we are not. If we have a stake in victory in those areas we should do everything in our power to insure victory in those areas. A scheme of compulsory service that is based upon only the narrowest possible interpretation of the defense of Canada represents considerably less than an all-out contribution.

Food as a Weapon of War

It is hard to make practical sense—or even sentimental sense—out of the argument of Hugh Gibson, former U. S. ambassador to Germany, that the United Nations should feed the people of Belgium, Holland, Norway, Poland and other European countries "on our side."

Mr. Gibson says that the German people are eating today; the people of the occupied countries are starving. He thinks the hungry could be fed with assurance that Germany would not benefit.

If Germans are well-fed while the people of the occupied countries are starving it is obvious that Germany is stealing food out of the mouths of the people of Holland, Belgium, Norway and Poland. It is doubtful if any system could be established that would insure food for our friends in Europe without lightening the burden on our enemies.

Food is indeed, as Mr. Gibson argues, a weapon of war. But even though Mr. Gibson thinks of it as "shocking cynicism" most Canadians, we believe, will feel that the weapon of food is one that should be used to encompass the defeat and not the strengthening of Germany. We should be constantly broadcasting to the people of the occupied countries that, once Hitler is defeated, abundant supplies of food will be laid down in Europe. In the meantime we should find ways and means of letting the people of these territories know that, while they are starving, the Germans are adequately fed.

The Financial Post's Platform For War

1. *Effective mobilization of all resources, materials, productive capacity and man power, without reservation, for an all-out war effort.*
2. *A national cabinet, representative of all loyal groups, and consisting of Canada's ablest brains.*
3. *An inner war cabinet, free from departmental duties, to plan the nation's war effort and to see that the plans are carried out.*
4. *A non-political industrial executive to organize and direct procurement of war supply.*
5. *Pay-as-we-go policy, to the very limit consistent with an all-out war effort, to avert inflation.*
6. *Elimination of wasteful spending by public bodies or private individuals.*
7. *A national programme to deal with post-war employment and relief problems.*

The Drama of War Metals

A dramatic page in the history of Canada's war effort is being written by the chemists, metallurgists and engineers of our great mining industry.

Better than others, the mining industry appreciated the tremendous quantities of metals and alloys that would be required by this war. Research was actually started before the war.

The curtain of secrecy has been lifted sufficiently to reveal startling accomplishments. One striking achievement is the new process for extraction of magnesium from Canada and United States ores. It promises to be a major factor in metal mining not only in the war but in the peace after the war.

Work along similar lines is being done on extraction of aluminum from domestic ores. Here, too, results suggest great new developments.

A less dramatic but perhaps even more self-sacrificing contribution to the war effort has been made in another direction. International Nickel engineers are engaged in finding substitutes for nickel in peacetime uses. They are busy "unmaking" part of the nickel market built up over a period of 25 years.

New Machinery for War Probes

Invariably as the war proceeds, incidents and situations will develop which should be thoroughly and impartially investigated. If not, the uninformed public will become confused and perhaps needlessly alarmed.

The Hong Kong affair is one example, the announcement that 45,000 men have been discharged from the Canadian forces as medically unfit, is another.

The general public is not in a position to pass judgments on these, and similar cases. On the surface Canada's part in the Hong Kong defense may appear to have been seriously bungled from the start. Again on the surface the discharge of 45,000 expensively trained men from the Canadian forces seems extraordinarily heavy and the layman may jump to the conclusion that the original medical examination was faulty.

But in both cases the public may be wrong. The essential facts for making an appraisal are lacking.

Very wisely the Hong Kong affair is to be the subject of judicial enquiry and not turned over to an ordinary committee of the House of Commons. The same procedure could be followed with the other example, but probably a more efficient way for handling this and similar cases that are bound to arise as the war proceeds would be to set up in Canada the same machinery that the British government uses.

This consists of a committee of the House of Commons which sits almost continuously and in secret. The latter provision is essential. It achieves two purposes. One is to ensure that the committee will learn all the facts, without possible leakage of vital information to the enemy.

The second is that the committee's meetings do not become—like so many Public Accounts and Special Committees at Ottawa—a political forum where political opponents carry on primarily for the benefit of the voters back home. The party spirit has been entirely lacking in the deliberations of the British committee. Reports and recommendations are made direct to the House or the Cabinet.

This committee has the power to call anyone in England before it and its members have travelled all over the country visiting war plants, army camps, etc.

Perhaps the most valuable of the committee's reports have been those that have dealt with the problems of wartime labor. Members of the committee made exhaustive studies of the man power problem. Their reports were urging more aggressive handling of the problem long before the government got around to the Churchill-Bevin plan for complete mobilization of the human resources of the nation.

How Russia Got Ready

The most revealing book on Russia yet published is Joseph E. Davies' "Mission to Moscow." It is a cornucopia of hitherto unpublished "inside" history. It shows how vigorously Russia, spurred by the Nazi menace on one frontier and the Japanese menace on the other, has been preparing for war since 1936.

Mr. Davies' revelations regarding the vast extent of Russia's "heavy" industries and their all-out concentration on war weapons make it clear why Russia has been able to throw back the "irresistible" armored onslaught of Hitler's steel legions. When Russia felt its danger it made defense the chief aim of government and war the chief immediate purpose of its whole industrial system.

When Hitler struck, Russia had tanks, guns, planes such as the democratic, capitalist states did not have. Does this imply, then, that there is greater efficiency in Communism than in an economy of free enterprise? Does it mean that "there's something wrong" with our system of production, "something" that isn't wrong in Russia?

There are plenty of people who are, with some anxiety, asking themselves such questions today.

Mr. Davies provides the clear-cut answers. In page after page this friendly recorder of Russia's achievements makes it clear that when Russia went all out on production it abandoned Communist theories in industry. The profit motive and self-interest were made the mainspring of Russia's astonishingly successful effort.

Stalin wanted weapons and wanted them fast. So he reorganized his factories and his methods. He stimulated production by premiums and extra wages to the more competent workers, managers and engineers. Good workers were paid more than poor workers; industrial executives were given salaries many times the average rate of wages paid in their plants. Everywhere the personal reward plan was employed, with astonishing results.

Each individual plant was required to make a profit by cutting costs and the profits were shared with management. In order to make the machine work, the whole system was studded with rewards and incentives.

But even with such incentives to the most efficient possible effort, the State factories never reached the efficiency that is every day practice in the privately-owned plants of North America. Mr. Davies estimates that, in efficiency, the workers and plants did not approach 40% of what is normal on this continent. Yet Russia's tremendous wealth in resources and labor enabled astounding results to be achieved.

If we haven't enough planes and guns and tanks it is not because our industries—or our economic system—could not produce them. It is simply because our governments did not order them until almost too late.

If Russia's readiness makes you sit up nights worrying about what's wrong with "the profit motive" and "individualism," read Mr. Davies' book. You'll stop worrying. You'll find that Russia's readiness was due to these very things applied to great resources (which we also have) and to foresight (which we did not show).

Editorials in Brief

No game of "Musical Chairs" in Churchill's latest cabinet reconstruction.

* * *

Ten second sales-talk suggested for Victory Loan canvassers:

"The U.S.S.R. is with us; the U.S.A. is with us; the U.K. is with us; but are U with us?"

—Cartoon by Grassick.

IT'S SELF-PROTECTION WHEREVER HE HITS.

Post-Scripts . . . .

Lawyer-Politician

T. H. Stinson, K.C., newly elected president of the Victoria Trust and Savings Co., comes from a class that has played a dominant part in Canadian public life, the lawyer-politician. A protegé of the late Sir Sam Hughes, he represented Victoria and Haliburton in the House of Commons for 10 years.

Physically and politically this was no easy task. In these two rugged Ontario counties, most people take their politics seriously. Normally they are about evenly divided between the two major parties. This condition alone means arduous electioneering but in a territory as sparsely settled and interspersed with lakes as is so much of Victoria and Haliburton, then only a man who is not afraid of the hardest sort of work could hope to tackle it.

T. H. STINSON

Sam Hughes was such a worker. It is said that he knew 75% of the grown-ups in his dual constituency by their first names. Tom Stinson was a worthy successor.

Stinson made his first try in 1921, was defeated by a narrow margin. Back in the field again in 1925 he won the seat and held it continuously until the Liberal avalanche of 1935.

* * *

Tom Stinson was born and raised in Minden, once a lumbering village in Haliburton County, but more recently known as the centre of a fine tourist district. The Stinson family operated a saw and grist mill on the site of the present Orillia Power plant. Young Stinson got his preliminary schooling in Minden, then went to high school in Lindsay and finally finished off at the University of Toronto and Osgoode Hall. Returning to Lindsay he practiced law with the firm of McLaughlin, Fulton, Stinson and Anderson. Incidentally, this firm contained as many prominent Liberals as Conservatives and the successor firm probably still does.

* * *

Mr. Stinson's time has not all been taken up with law and politics. He is chairman and a strong supporter of the Memorial Hospital at Lindsay, which in addition to being a boon to the populace of the immediate vicinity, has been literally a godsend to the people of the lowly farms and villages up to 150 miles to the north. As President of the Kiwanis Club Mr. Stinson successfully raised funds for the purchase of an ambulance for the hospital. He was also largely responsible for raising the funds to build and equip the new maternity wing. During the past year Mr. Stinson was also chairman of the Victory Loan Committee for the counties of Victoria and Haliburton.

Erudite Minister

Newest addition to Canada's growing diplomatic corps arrived at Ottawa last week. He is Dr. S. S. Liu, the erudite new Chinese Minister to Canada.

Not yet 42 years of age he came to this continent at the age of 20 to take a B.A. degree at Johns Hopkins University. In 1923 he earned his Master's degree at Harvard and two years later a Ph.D. at Columbia.

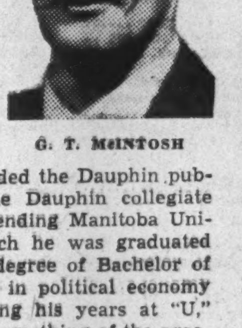
Dr. Liu returned to China as a professor in his own university—Tsing Hua, but left two years later to become a member of the Treaty Commission of the Chinese Foreign Office. From 1928 to 1930 he was a senior member of the Foreign Office becoming Counsellor in 1930 and a member of the Ministry of Interior Affairs and of the Yuan legislature.

In 1932 he was appointed director of the Department of International Affairs of the Foreign Office and for the next eight years was in charge of European and Foreign Affairs. Throughout many of these years he continued his teaching both as a professor at the National Central University (1929-36) and a lecturer at the Central Political Institute. He is the author of "Extra-territoriality, Its Rise and its Decline," published in 1925.

* * *

Manitoban Born and Bred

George Thomas McIntosh, recently appointed secretary of the Winnipeg Electric Company, despite the fact that he is not yet 42 years old, has been with the company for nearly 20 years. He has held various positions, through which he has acquired the general knowledge of the operations and ramifications of the company that is essential to the position he now holds.



G. T. McINTOSH

Mr. McIntosh was born in the little northern lumbering town of Bowsman. In 1900, Bowsman was about the most northerly point in Manitoba, connected with other points by road. He attended the Dauphin public school and the Dauphin collegiate institute, later attending Manitoba University, from which he was graduated in 1921 with the degree of Bachelor of Arts. He majored in political economy and history. During his years at "U," McIntosh learned something of the practical side of life, engaging in construction work as rodman on a good roads survey and as signal fitter for the Canadian Pacific Railway. He also worked as a groundman on Canadian National and Canadian Pacific telegraph crews.

Following his graduation he was for a short period on the temporary staff of the Winnipeg High Schools but in 1922 entered the employ of the Winnipeg Electric as assistant statistician. Successively he became chief clerk to the assistant general manager, statistician and secretary of the company's executive committee. He was placed in charge of the company's staff records and was also secretary of the company's negotiating committee with groups of organized employees. In 1931 he was appointed assistant secretary of the company and in April, 1941 was named manager of personnel, which position he held until last January when he succeeded Lawrence Palk as secretary.

* * *

Fishing Companion

James F. Cosgrave, newly elected director of Canada Bud Breweries, ranks big enough in his industry to have been given the honor last week of handing over a million dollar cheque on behalf of Canadian Breweries for the Victory Loan.

J. F. COSGRAVE

Long-time intimates, however, think of Jimmie Cosgrave as the best 135-pound sculler Canada has yet turned out. Back in 1909 he sent his racing craft skimming to a Canadian championship and the next year pulled his oars for Canada in the Henley regatta in England. That interest in rowing is still expressed in a life membership with Toronto's Argonaut Rowing Club.

A horse lover for many years Mr. Cosgrave still maintains a fine stable whose flying silks are well known to devotees of the turf. No profitless "Sport of Kings" is this for the hard-headed brewer as he has put his horse racing activities on a paying basis, something unique in the game.

Inheriting a modest affability from his Irish forbears that is reflected in the fact he is called "Jimmie" by all of his associates Mr. Cosgrave started out in the brewing business in 1906 with the Cosgrave Brewery Co. of Toronto. In four years he was assistant manager, in another year managing director and in 1921 became president and general manager when the company was reorganized under the name of Cosgrave Export Brewery Co. In 1934 that company was absorbed into the Brewing Corp. of Canada organization (now Canadian Breweries) and Mr. Cosgrave became vice-president.

Chief relaxation of this busy brewer is found in golfing and the rod and reel. What some of those in his business think of him as a business associate and friend is well expressed in the comment of one that "he is the kind of guy you like to go fishing with."

Other People's Views . . . .

The Canadian Editorial of the Week

Canada Needs a War Cabinet

Ottawa Citizen

Prospects of reverses in the months ahead have to be faced. It is possible that the war will envelop Canada as completely as it is enveloping Australia. The government is faced with the prospect of having to carry on under an intensified load of responsibility through long years—while the people are called upon to make increasing sacrifice. It must be plain to members on the government side, as well as in opposition, that party divisions should be discarded.

Some cabinet ministers, as well as members, must be equally well aware that more than one man should be daily at work on the task of determining policy to direct the Canadian war effort. There should be an executive committee of the cabinet; in effect, a supreme war cabinet, to chart the course of Canada from year to year in this war as one of the United Nations.

Ministers cannot give much thought to the direction of policy while they are daily occupied with departmental details. Some cabinet ministers should have more opportunity to discuss war policy with the prime minister. As political heads it may be unnecessary that they should take up the prime minister's time with departmental details. It is necessary, however, that an executive committee of ministers should be in daily conference with the prime minister.

Responsible members of parliament looking ahead, honestly facing the task before Canada of total war for years, must surely be conscious of the need to strengthen this government by relieving some of the ministers of departmental duties. Canada has no Roosevelt, Churchill or Stalin, but Canada has the heart to battle on through the years of war, however long they may be.

The Canadian people ask for clear-visioned leadership, without expecting the Canadian war effort to be left in the hands of any one man. The answer could well be a Canadian war cabinet without limitations of party politics.

* * *

The Mail-box

Carillon Power Site

Editor, The Financial Post:

Your article, Jan. 31, "Ontario Faces Power Shortage" interests me very much.

You mention divided control of the Carillon site by the two provinces. This site, by the way, is down the river from Ottawa, not up as you stated. The dam is approximately a mile and a half above the village of Carillon and I have never been able to understand why it was not built opposite that village, where the water is so shallow as to make the work easy and at the same time give perhaps two feet or more extra head, without flooding any more land. Building a new power plant at this point would probably be cheaper than trying to raise the old dam, which, I think, is only about 18 feet high or less.

Directly across from the middle of Carillon, in the village of Pointe Fortune, the dividing line between Ontario and Quebec starts south toward the St. Lawrence, 300 miles from Toronto. Below that spot in Pointe Fortune on the south bank of the Ottawa, the whole dam would be in Quebec, geographically. Unless, therefore, the flooding up above would entail Ontario's equal participation in the project the Province of Quebec would have jurisdiction.

Woodstock, Ont. H. H. B.

* * *

As Others See Us

Practical Patriotism

Port Perry (Ont.) Star

Protestations of patriotism can only be made effective by suitable actions. Canada, is according to The Financial Post, proving her patriotism in this practical manner.

Canada's war programme is now reaching proportions which would have been inconceivable a few years ago. Total Dominion Government expenditures for the 1942-1943 fiscal year have been estimated at around \$3.5 billions. For the 1938-1939 fiscal year they were slightly over one-half billion. Canada has accepted the challenge.

We are spending at the rate of \$150,000 per hour for war, which is 62.5% of the total expenditure by the government.

The money is received from the following with percentages noted: Income tax, 27.3%; sales tax, 16.5; excise, 12.9; customs, 12.0; excess profits 12.2; war exchange, 7.0; non tax revenue, 7.0; national defense tax, 4.8.

In this expenditure 45% is supplied from revenue and 55% has to be financed by loans of various types.

* * *

Fruitful Contribution

Le Canada, Montreal

The article we reproduce on this page, published in The Financial Post, which aims at giving the readers of that important Toronto newspaper a general idea of the French-Canadian opinion on the question of conscription, will be read, we believe, with interest. The author of that study displays laudable honesty, evident broadmindedness, great care for exactness; and he makes known his observations in a form that should scatter the prejudices that may exist in Ontario against the province of Quebec.

As it is, the article is a fruitful contribution to the cause of mutual understanding between Canadians of different origins, indispensable for maintaining Canadian national unity.

* * *

Get It Over

Brantford Expositor

As The Financial Post sees it: "The holding of a plebiscite on what is, after all, only one small phase of a really all-out effort indicates that the government still has not the slightest idea of the vital importance of speed."

If the government and Parliament are bound and determined there must be a plebiscite, the people of Canada must insist that it be hurried up. The sooner the plebiscite is passed the sooner we can get on, uninterrupted, with the task at hand.

* * *

Catching Up Is Hard

Orillia Packet and Times

"The first requisite for winning a war is to be ready for it when it comes. Once a war has begun, making up for lost time is a terribly hard business," says Field Marshal Lord Ironside in an article in The Financial Post.

That is a fact that was not realized in the days when people were clamoring for disarmament, but of which the British nations have learned the truth in the stern school of experience. It is to be hoped that the lesson will not be forgotten when the war is over, and that the British Commonwealth and the United States will maintain forces that will make it impossible for the military powers to contemplate another world holocaust.

* * *

Stop Me If . . .

A big, fine-looking man walked into a navy recruiting station. The officer began interviewing him.

"What are your qualifications? Are you a mechanic, plumber, radio operator, machinist, etc.?"

"Don't you have any vacancies for fighting men?" countered the applicant.

He was accepted.

Sayings of the Week . . . . .

"If we win the war the wealth and resources of the country will be here, and if we lose, whether the debt is 100 billion dollars or 500 billion dollars is unimportant."—*Henry Morgenthau, Sec'y of Treasury.*

* * *

"We must forget everything we thought was good — and do better."—*B. A. Trestrail, Canadian Radio Corporation.*

* * *

"Hatred is a good honest emotion, and it is useful, too; when hatred grips you, fear leaves." — *Quentin Reynolds, in Collier's.*

* * *

"America is preparing to attack. Canada is waiting to be attacked."—*Hon. H. A. Bruce, member for Toronto Parkdale, in the House of Commons.*

* * *

"We have just one job to do—to make enough war material to lick Hitler and the Japs, and to do it in the shortest possible time." — *Donald M. Nelson, Chairman of the United States War Production Board.*

* * *

"It is not always easy to believe protestations which some of them (C. I. O. organizers) make that they are sincerely interested in winning the war against Fascism in Europe; at any rate, they seem at least equally concerned with winning a class-war at home."—*Prof. A. F. W. Plumptre, Canadian Economic Adviser at Washington.*

* * *

"If we are to avoid periodic outbreaks of war, then it will be necessary to lay the foundation of a new social order based upon a new vision of human relationship when co-operation and peace will take the place of competition and strife."—*Robert Gardiner, President, United Farmers of Alberta.*

* * *

"Let us not deceive ourselves. We cannot fight this war merely by going without luxuries." — *Finance Minister Ilsley.*

* * *

"We on this side of the House are sometimes ridiculed for our criticism. If it had not been for the criticism which came from the member for Parkdale, would tanks be built in Canada today?" —*J. G. Diefenbacker, Conservative member for Lake Center, Sask., in the House of Commons.*

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Meeting The Tin Can Ban Problem

Canners Puzzled But Have Alternatives Ready

Further lowering of the tin content in tinplate and an extension of the prohibited list is anticipated in order to conserve existing or available stocks.

How far these restrictions will have to go is not yet clear until more accurate figures are available as to the savings from controls already in force.

Canada's tin consumption is normally about 6,000 tons annually. Already on a wide range of canned goods the amount of tin which may be used has been cut from 1.5 to 1.35 lb. of tin per 100 lb. of plate. This is to be further reduced to 1.25 lb.

Restrictions on use of tin for cans means Canadians are going to have to get used to feeding their pet poodles foods packed in less scarce containers but new and satisfactory substitutes are appearing. Even large users of tin cans admit undue prodigality in our use of tin in the past.

We may now, for example, use silver plated cans instead of tin. We may buy toothpaste and shaving soap in collapsible tubes made of an alloy of lead and silver—mostly lead. We may buy more food in glass bottles and can expect grocers to hand out more goods in special types of paper containers.

Hardest hit by the order of Metals Controller Bateman are the canners. Now is the season when they arrange their contracts with growers for next season's pack of fruits and vegetables. Today canners don't know what they will be permitted to put in cans nor how much; what sizes of cans will be permitted. All that is certain now is that drastic cuts are required.

Canadian Grocer reports that Food Controller Taggart has suggested to Metals Controller Bateman that fruits such as cherries, loganberries, raspberries, strawberries, blueberries and others should only be packed in hotel size, or 105-oz., tins, not in householder size.

The list of vegetables no longer to go in tin cans include beets, carrots, corn-on-the-cob, apples, apple sauce and apple pie filler, pork and beans, baked beans, spaghetti, macaroni and vermicelli.

No arrangement, particularly as it affects the canners, has yet been finalized, it is understood.

Canners want to know how much tinpate they can have and the food controller wants to know what items they are ready to eliminate.

The canning industry has been by far the largest user of tinplate, but it is by no means the only one.

Silver Alloy Tubes

Makers of collapsible tubes, for example, have been using an alloy that is largely tin. Late last year, when the threat to the tin supply became serious, work on substitute materials was far enough advanced to handle the situation.

Modern Containers, large makers of collapsible tubes, announced in December use of a new alloy to save tin. Now they are reduced by government order to 12% of the amount of tin used in 1941 and can get along on this allowance. The fear is now how long this small allowance will be available.

When no more tin can be had, Modern Containers expects to be ready with a new alloy using silver in place of tin. Already experimental tubes are in the hands of manufacturers using collapsible tubes for test purposes.

Silver vs. Tin

Silver costs 42 cents an ounce but in such uses as collapsible tubes, it appears likely that the small proportion of silver used would not materially affect the cost of the toothpaste or shaving soap which the consumer buys. In other cases, such as cans, this may be a barrier that silver cannot hurdle even as a war emergency measure.

American silver producers have carried research far enough to indicate that there is no production problem that cannot be overcome in turning out cans of silver plate. But it would apparently have to be an electro-plating process not the "hot dipping" process now used to make tinplate. This would mean changes in manufacturing methods and new equipment is hard to get.

Substitutes likely to get wider acceptance are various types of paper containers, glass and lacquered steel plate. In some cases, tern plate—lead coated—is already in use.

Processors of coffee, tea, baking powder, and similar dry products, should have little trouble shifting to paper containers which are already used by many in the trade. Many, of course, will want an airtight package. Can makers are hopeful of developing a can made of black plate that can be sealed satisfactorily. Baking powders can go in containers made of heavy paper with tin plate, or other metallic materials, for the top and bottoms only. They have been promised enough tinplate for this for the present at least. Cartons of heavy cardboard can be used to ship hard candies which formerly went in 20-lb. tin pails.

So far, there is no move to ration glass bottles but there might be difficulty eventually in finding metal for tops. Glass can substitute for tin for most fruits.

Experiments with black plate given a lacquer coating have been successful and this container material is daily winning more users. Only catch here is when the steel shortage hits hard enough.

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MONTREAL TORONTO

The Week in Business

Business activity in Canada started off this year at a near-record pace. Preliminary figures for The Financial Post's business index for January show a level of 166.0, wiping out most of the November and December year-end decline. The all-time record for this index was 168.0 in October of last year and the first month of 1941 showed a level of only 154.6.

Railway earnings and carloadings are holding well above last year. For carloadings the gain this year to Feb. 14 is 17% over a year ago. Railway gross revenues in the same period were up 25.4% for the Canadian National and 28.3% for the Canadian Pacific.

Passenger car output in January showed the preliminary results of the curtailment policy. At 4,249 against 11,205 in January last year, the drop was 64.5%. Truck production, on the other hand, was substantially higher last month than a year ago at 17,205 units compared with 11,205 a year ago.

Cotton consumption in January was at high levels. Canadian mills used 16.8 million lbs., up 7.4% from January a year ago.

Cigarette consumption also showed gains with January consumption up 19.9% from last year.

Gold receipts totalled 442,038 fine ounces, a decline of 4.2% from January last year. This probably reflected the labor difficulties experienced by Kirkland Lake mines in the period and consequent reduced production.

Bank debits in January totalled $3,230.8 millions compared with $2,941.1 millions for the same month last year, a gain of 9.8%.

MONTHLY INDICES

	Jan.	Dec.	Nov.	Oct.	Year Ago
The Financial Post business index	*166.0	160.9	164.8	168.0	154.6
National Income, D.B.S.•	....	456.4	442.3	440.9	418.9
Dom. war expend.•	145.2	124.4	120.0	111.2	87.7
Dom. total revenue•	120.5	111.5	108.4	104.7	80.2
Dom. total expend.•	184.6	168.0	170.3	165.8	124.9
Retail sales index no.	....	147.2	138.1	138.0	130.9
Dept. store sales index no.	....	145.8	137.6	136.5	132.2
Wholesale sales index no.	....	136.9	147.4	170.5	125.0
Country store (% change pr. yr.)	....	+14.4	+5.0	+8.1	+3.8
Divd. payment index♦	121.3	120.3	119.3	118.5	119.5
COST OF LIVING—					
▪D.B.S. index	115.4	115.8	116.3	115.5	108.3
EMPLOYMENT INDEX Nos. D.B.S.—					
All industries	....	168.8	167.6	165.8	139.1
Manufacturing	....	188.4	187.5	185.0	144.7
Payroll index (a) (1937=100)	....	193	186	189	....

	1941-42	1940-41	Jan. 1 to date 1941-42	Jan. 1 to date 1940-41	% Change
RAILWAYS—					
▪Carloadings (week Feb. 14)	61,912	55,093	420,713	359,541	+17.0
▪C.N.R gross (week Feb. 14) $	6,111,000	4,884,000	38,517,000	30,716,000	+25.4
▪C.P.R. gross (week Feb. 14) $	4,448,000	3,474,000	27,615,000	21,512,000	+28.3
▪C.N.R. net revenue (Jan.) $	5,157,112	3,150,394	....	....	+63.7
C.P.R. net revenue (Dec.) $	5,090,750	4,806,206	45,957,536	35,639,438	+28.9
IRON AND STEEL—(December)—					
Pig iron production (tons)	148,377	110,477	1,364,334	1,168,894	+16.7
Steel ingots and castings prod. (tons)	218,611	188,420	2,411,887	2,014,172	+19.7
AUTOMOBILES—(Number)—					
Passenger Cars:					
Domestic sales* .. (Dec.)	3,875	8,775	83,650	101,789	—17.8
▪Factory output ... (Jan.)	4,249	11,990	....	....	—64.5
Trucks and Buses:					
Domestic sales .. (Dec.)	2,214	2,145	34,432	28,763	+19.7
▪Factory output ... (Jan.)	17,502	11,205	....	....	+56.2
Financing:					
Used (Dec.) $	1,709,776	2,650,533	48,882,297	41,762,396	+17.0
New (Dec.) $	1,390,091	2,841,821	34,809,863	33,473,397	+4.0
CONSTRUCTION—					
Contracts awarded (Jan.) $	12,880,900	26,579,800	......	......	—51.7
Cement prod., bbls. (Nov.)	663,332	643,522	7,987,357	7,271,232	+9.8
AGRICULTURE—					
Flour prod., bbls. (Dec.)	1,175,267	1,076,132	20,069,445	16,254,921	+23.5
Flour exp., bbls. (Jan.)	750,363	354,818	......	......	+111.7
Wheat exp., bush. (Jan.)	11,144,808	4,880,080	......	......	+128.3
Cattle sales▴ (Jan.)	110,276	83,707	......	......	+31.7
Hog sales▴ (Jan.)	603,915	532,259	......	......	+13.4
SEA FISHERIES—‡					
Catch cwts.▴ (Nov.)	934,600	907,100	10,421,100	10,487,800	—0.6
Landed value (Nov.) $	1,438,200	886,000	24,489,030	17,122,300	+43.0
NEWSPRINT—					
Production, tons .. (Jan.)	311,904	261,298	......	......	+19.4
▪Exports (Jan.)	12,665,000	9,763,000	....	....	+29.7
MINING AND OILS—					
Coal prod., tons .. (Dec.)	1,794,973	1,671,095	18,155,447	17,566,884	+3.3
Coal import. tons .. (Dec.)	1,833,483	842,407	21,808,861	17,546,107	+24.3
▪Gold rec., fine oz. .. (Jan.)	442,038	461,602	....	....	—4.2
Crude oil, imp. gals.† (Dec.)	126,319	77,430	1,635,580	1,484,537	+10.2
ELECTRIC POWER OUTPUT—(December)—					
Total monthly, 1,000 kw.h.'s	3,220,800	2,584,341	33,445,360	30,080,248	+11.2
FOREIGN TRADE—♦					
Imports (Dec.)	$125,779,166	102,302,476	1,448,685,117	1,081,950,719	+33.9
Exports (Dec.)	$152,091,112	98,710,660	1,640,454,541	1,193,217,592	+37.4
OTHER INDUSTRIAL FACTORS—					
▪Dressed lumber exp.: 1,000 bd. ft. (Jan.)	103,443	164,892	....	....	—37.3
Shoes, prod., pr. (Dec.)	2,736,108	2,044,725	32,646,736	26,261,088	+24.3
▪Cotton consump., lb. (Jan.)	16,833,456	15,679,582	....	....	+7.4
Raw rubber imp. lb. (Dec.)	6,486,397	16,321,954	149,172,052	113,773,959	+31.1
▪Cigarette cons., No.† (Jan.)	747,733	623,571	....	....	+10.9
Sugar manufactured lb §	90,187,029	87,221,405	1,199,719,338	1,137,792,237	+5.4
FINANCE—					
▪Bank debits† (Jan.) $	3,230,789	2,941,104	....	....	+9.8
Bond sales† (Dec.) $	92,473	329,809	2,360,181	2,293,415	+2.9
Life insurance sales (Dec.) $	47,172,000	33,727,000	428,915,000	365,217,000	+17.4

*D.B.S All Canada figure covering 90% of the Canadian total.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C.
▴Total at yards and plants. New items for week marked ▪.
†000's omitted. §For four weeks to Dec. 31. ♦Gold excluded.
•Millions of dollars. °Preliminary. ♦Supplied by Nesbitt, Thomson & Co.
(a) Compiled by Canadian Bank of Commerce.

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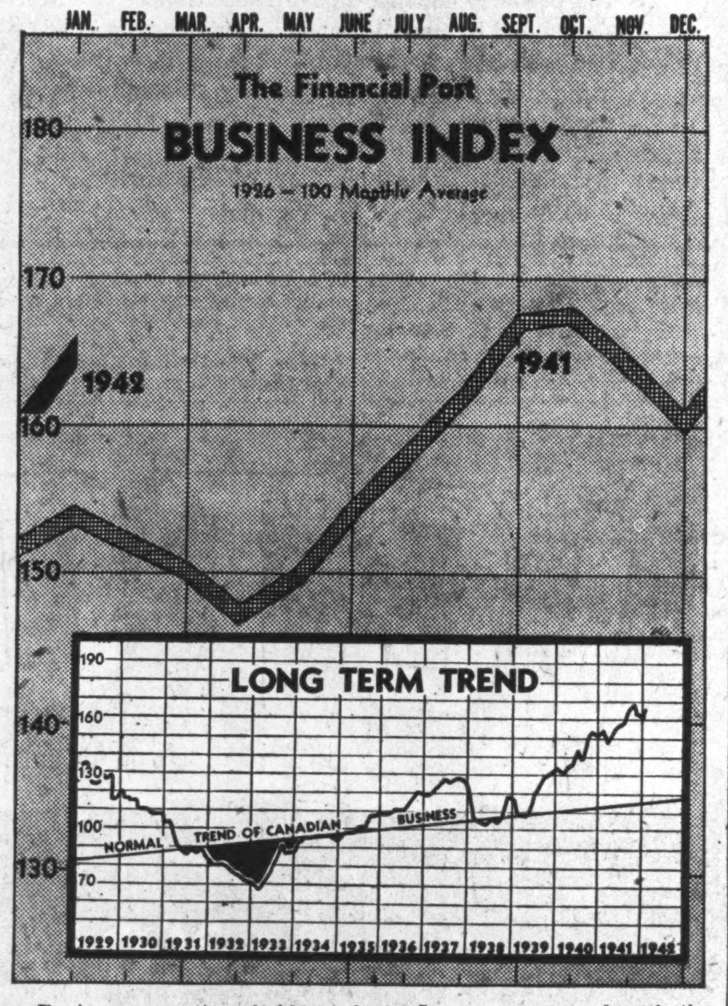
Business Index Steady



Business operations held steady in January compared with the previous month. Shortage of raw materials and lack of shipping space is interfering with maximum production of certain classes of commodities. The preliminary Financial Post Business Index stood at 166.0 for the month compared with 160.9 for December.

Construction contracts awarded were at a particularly low level in January, and operations of the lumber industry have been somewhat hampered by man-power shortage and lack of shipping to overseas markets. Exports of merchandise made an appreciable advance while some increase was also shown in the production of newsprint.

Major Economic Factors

		January 1942	January 1941	Increase + Decrease —	Dec., 1941
The Financial Post business index*		‡166.0	154.6	+6.9	160.9
Bank deposits*		151.9	138.5	+9.7	146.1
Gold receipts at mint	fine oz.	442,038	461,602	—4.2	401,716
Silver shipments	fine oz.	1,494,443	1,528,932	—2.3	648,920
Cheese production	lb.	4,409,991	1,107,053	+298.4	6,123,317
Butter, creamery production	lb.	10,701,597	11,741,564	—8.9	12,103,602
Cotton consumption	lb.	16,833,456	15,679,582	+7.4	16,150,612
Newsprint production	tons	311,904	261,298	+19.4	300,823
Woodpulp exports	cwt.	2,367,785	2,009,750	+17.8	2,868,132
Planks and boards exported	M. ft.	103,443	164,892	—37.3	139,542
Shingles exported	squares	199,137	249,586	—20.2	105,815
Automobile production	no.	21,751	23,197	—6.2	20,313
Cigarettes released	no	747,733,490	623,571,303	+19.9	720,022,131
Cigars released	no.	14,130,972	13,120,418	+7.7	18,888,878
Carloadings	no.	271,946	228,536	+19.0	260,945
Bank debits	$000	3,230,789	2,941,104	+9.8	3,686,546
Total exports	$000	152,308	88,953	+71.2	152,091

*1926 equals 100. ‡Preliminary.

On the Record

To sell or purchase any tire from which the serial number has been obliterated has been made an offense unless a permit is received from the Controller of Supplies or from the police in the municipality where the sale is to be made. (Feb 17, 1942, M. & S. No. 707).

Army recruiting cost $1,085,247 since the outbreak of war according to a report tabled in the House of Commons.

Rubber Substitutes Advisory Committee, comprises: **J. R. Nicholson,** Deputy Controller, chairman; **W. H. Funston, Jr.,** Hamilton, president, Firestone Tire & Rubber Co.; **P. C. Jones,** Montreal, president, Dominion Rubber Co. Ltd.; **A. G. Partridge,** Toronto, president, Goodyear Tire & Rubber Co. Ltd., and **G. W. Sawin,** Kitchen, vice-president, B. F. Goodrich Co.

Synthetic Rubber Advisory Committee, comprises: **J. R. Nicholson; Dr. J. H. Boyd, Jr.,** Akron, Ohio; **Dr. W. A. Gibbons,** Montclair, N.J., **Dr. D. M. Morrison,** Montreal and **Dr. R. K. Stratford,** Sarnia.

Dominion government civilian administration in 1942-1943 has been estimated at $454,884,000, down $55,000,000 from the original estimates for the current year according to Finance Minister Ilsley.

Hard Fibre Advisory Committee has been named to co-operate with the Controller of Supplies in regard to all matters concerning manila hemp and sisal. Members are: **E. T. Griffith,** of the Controller's office, Ottawa, chairman; **Henry E. Krug,** Kitchener, Ontario; **Wilfrid M. Messecar,** Brantford; **William J. Lind,** Toronto; **Frank C. Brown,** Vancouver; **Harrison K. Smith,** Welland; **Harold B. Smith,** Montreal; **J. G. Dodd,** Montreal, Cotton Administrator, WPTB (Feb. 21 M.&S. No. 712).

Russell Yuill, National Harbours Board, appointed Director of the Shipbuilding Branch, Dept. M. & S. (Feb. 21, M.&S. No. 711).

IN THE SPOTLIGHT

Rural Canada is in the news spotlight these days . . . Higher farm bonuses are forecast and 1942 wheat prices are due to move up. Cheese production is at its highest since 1925 with shipments to Britain doubled since the year before the war . . . Exports of pork products are four times greater than 1939 and butter production is at the highest point in farm history.

All this means a gigantic job for the farmer, but, at the same time, a steady increase in his cash returns, and vastly improved purchasing power . . . **It means that the farm market today is worth every bit of sales attention you can give it.**

Why not concentrate your sales efforts in the one magazine that reaches the greatest portion of Canada's farm market — the Family Herald and Weekly Star. It puts you in touch with more than 300,000 farm homes each week!

Family Herald and Weekly Star
CANADA'S NATIONAL FARM MAGAZINE
MONTREAL CANADA

C.N.R. January Returns at Peak

From Our Own Correspondent

MONTREAL.—Canadian National Railways got off to a good start in January, net operating revenue being the largest ever reported by the system.

Gross income last month at $25.9 millions showed an increase of 25% over that reported for the same month a year ago. Operating expenses increased by $3 millions, leaving net revenue at over $5.1 millions, an increase of better than 60% over the returns for the opening month last year.

The exceptionally high returns for last month are indicated by the fact that the previous high gross operating revenue for January was set up in 1928 when the system reported a return of $21 millions.

The following table summarizes January results:

	January 1942 $	January 1941 $
Operating revenue	25,967,000	20,926,967
Operating expenses	20,809,888	17,776,573
Net revenue	5,157,112	3,150,394

Coordination

The job of wiping from the face of the earth Nazis, and the obnoxious sophistries with which they reek, will be accomplished in the quickest possible time by the coordinated power, effort and resources of all nations and individuals which are opposed. Probably nothing will contribute more favorably to this end than the coordination of industry.

The surveillance and control of industry is dependent largely on the efficiency of its office management. Good office equipment and efficient methods of keeping vital records, data and information go far in coordinating, harmonizing and speeding up every function of office.

Are you giving yourself, your personnel and your effort a fair deal?
Why not call "Office Specialty" today?

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In Occupied Europe it's TOO LATE to buy VICTORY BONDS!

The Canada Life urges you to

INVEST NOW in VICTORY

Inflation and Investments

Doubts Whether Common Stocks Will be Helped

Delafield & Delafield, members of the New York Stock Exchange, specialize in investment advisory service. Herewith The Financial Post publishes a digest of a recent memorandum giving some thoughts on inflation and what investors can do about it.

The average common stock does not benefit from a "controlled" price inflation such as is now present in the United States. This "controlled" price inflation is characterized by a tremendous demand for goods created by the war and an inadequate supply. Use of priorities, price-fixing measures, credit controls and other factors by the government have met with moderate success.

From the standpoint of the common stockholder, these developments mean that his cost of living is increasing and returns from his investments are likely to decrease, first, because companies have to pay more of their earnings to the government in taxes and, second, because dividends which he does receive will buy less. Most companies engaged in war production must pay an increasingly heavy proportion of earnings in taxes and at the same time invest more and more in inventories in order that larger orders may be filled.

This does not mean, however, that common stocks should be avoided entirely during such a period as, in certain industries, control of prices will be relaxed sufficiently to stimulate production further.

An example mentioned is the increased price permitted in the United States on non-ferrous metals produced in excess of the amount turned out in 1941. With some companies this means ability to offset some of the increased costs and taxes already imposed. It helps the common stockholder to keep abreast of the mounting costs of living.

Best Stocks

In a period of "controlled" price inflation, those equities best suited to participate are those which control both the source of their raw materials and use raw materials which tend to maintain values in world markets. Specifically mention is made of the chemicals, oils, non-ferrous metals, some of the food and paper companies and, generally speaking, producers of basic material.

So long as this phase of inflation lasts, shares of such companies are not likely to maintain pace with the general increase in costs, but should be able to partially offset factors which will adversely affect the earnings of other concerns.

This type of "controlled" price inflation is expected to last for the duration of the war. Little hope is offered that a major increase in prices of living costs can be avoided in the United States. Wage increases are still permitted and the farmer still favored by Congress.

Post-war Dangers

Dangers of an uncontrolled price inflation are most likely to come during the post-war period.

At such a time, the same type of equities listed above continues in favor. Gold stocks could then be added to the list on the argument that size of the government's debt at that time, in conjunction with uncontrolled prices, will probably lead either to currency inflation, devaluation, or perhaps both. Until such time, however, gold shares would be relatively unattractive because of their inability to increase price of their product in face of rising costs of all sorts.

At present a 50-50 division between common stocks and fixed income issues is favored, stressing in the latter case those with a conversion feature or giving a yield high enough to compensate the holder for rising living costs and furnish some measure of protection against probably higher interest rates. A small percentage of equity holdings have been selected because it appears that current stimulation, together with strong financial position, will permit both gross and net earnings to rise as fast as, or faster than, taxation. This type of holding—the outright "war baby"—is risky and needs constant watching to secure a favorable sales level before the war ends.

B. C. Packers To Can Tuna

Big Fish Come North to Widen Scope of B. C. Trade

From Our Own Correspondent

VANCOUVER.—B. C. Packers has entered the tuna industry on a larger scale this year, and announces that it will can this newcomer to British Columbia's fish population at its Kildonan plant on the west coast of Vancouver Island.

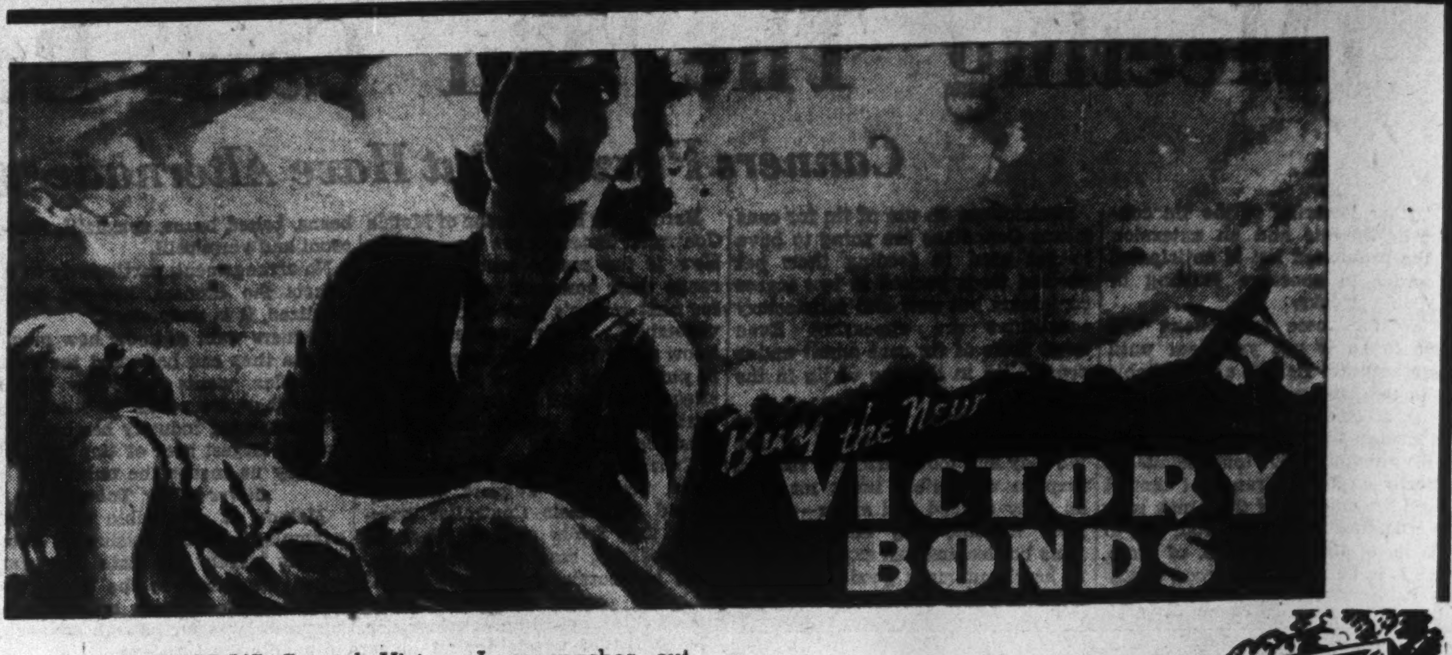
A phenomenon of nature can be credited with this development as well as the enterprise of one of Canada's biggest fish-packing organizations.

Tuna Move North

A decade ago the tuna was regarded as a semi-tropical fish. It was caught extensively off the Mexican and Californian coast, but seldom wandered as far north as the State of Washington or the Province of British Columbia.

In recent years, probably due to shifting currents or a gradual change in climate conditions, the tuna have been fairly abundant off British Columbia. About 100 cases were taken off Vancouver Island last season.

The market for tuna has been improved as a result of shutting out all Japanese canned fish. Japanese were extensive packers of tuna as well as of salmon, and the elimination of this competition has been a strong factor in building overseas sales for British Columbia fish.



CANADA'S Second Victory Loan reaches out through Posters to the greatest working payroll in our history. To busy Canadians travelling to and from work dynamic Victory Loan posters will be repeated reminders that to win the war Canada needs their dollars as well as their labor.

The poster reproduced above needs neither title nor text; in and by itself it sounds a clarion call to action and with its three companion posters is exerting a tremendous influence upon patriotic Canadians from coast to coast.

Poster Advertising Association of Canada
80 Richmond Street W., Toronto

Municipal Finances

Cape Breton County, N.S., 1941 current account tax collections were $87,122 against $85,985 in 1940. Tax arrears collected in 1941 totalled $56,128 against $53,213 in 1940. County Treasurer A. C. Gaye has advised the council that an upward revision in the tax rate is inevitable in order that the financial position of the county may be placed on a more stable, economic basis.

* * *

Owen Sound will ask the Ontario Legislature for permission to levy until the end of the war a sum not exceeding one mill on the dollar of the whole rateable property liable to taxation for general purposes. This would be designated as a reserve fund for use after the war in providing replacements and improvements to public works. It is provided that levying of such a sum is not to cause an increase in the total tax rate beyond that for 1942.

Company Reports

La Compagnie Foncière

Gross income of La Compagnie Foncière de Manitoba Ltd., Winnipeg, increased in 1941 to $19,226 from $13,829. Owing to the fact that quite a few houses were sold during 1941 at a loss, deficit was increased by $7,434. As a rule losses were incurred on sales of houses and profits on sales of farms. Rental situation has been very good, except that prices cannot be increased and possibly during 1942 the increased cost of fuel and repairs will cut profits.

Income and Deficit Account
Years Ended Dec. 31

	1941	1940
	$	$
Gross income	19,226	13,829
Less: Depreciation	5,504	5,504
Current expenses	6,624	6,831
Taxes	154	550
Audit fees	240	200
Directors' fees	100	40
Interest	4,578	3,638
Loss on props. sold	9,461	......
Loss on year	7,434	2,935
Add: Prev. deficit	15,222	7,455
W/o and adj.	......	4,832
Deficit forward	*23,723	15,222

*The apparent discrepancy of $1,067 here is not explained in the company's pamphlet report. The auditor's statement says the report gives a true and correct view of the company's affairs "subject to the qualifications of our full report."

Creditors' Position

	1941	1940
	$	$
Debentures	38,911	38,911
Deposits	932	1,179
	39,843	40,090
Secured by:		
Liquid assets	2,592	2,754
Mortgages, etc.	635,587	647,823
	638,179	650,577

Amalgamated Electric

Amalgamated Electric Corp., reports consolidated operating profit of $412,108 in 1941 compared with $228,609 the year before. After providing for a heavy increase in provision for depreciation and taxes, net profits of $105,529 were equal to $1.25 a share. This contrasts with a net profit of $79,800 or 95 cents a share, the year before.

The balance sheet shows that net working capital position of the company remained unchanged during the year. On the other hand the company made a net expenditure of $219,474 on its Toronto plant.

In his report to shareholders Paul Sise, president, states full-time operation at a very high rate of output is presently required to fill orders on hand.

Particulars of the profit and loss account, together with principal changes in balance sheet follow:

Income and Surplus Account
Years Ended Dec. 31

	1941	1940
	$	$
Oper. profit	412,108	228,609
Less: Depreciation	160,483	68,281
Exec. salaries	32,268	27,673
Directors' fees	2,340	2,140
Legal fees	1,649	1,569
Add: Sundry revenue	......	2,762
Less: Tax provision	109,839	51,908
Net profit	105,529	79,800
Less: Dividends	42,205	21,103
Surplus for year	63,324	53,697
Add: Prev. surplus	115,212	56,515
Surplus forward	178,536	115,212
Earned per Share	$1.25	$0.95
Paid	0.50	0.25

Working Capital

	1941	1940
	$	$
Current assets	1,121,570	934,331
Current liabilities	429,100	240,541
Working capital	692,470	693,790

Balance Sheet Changes

	1941	1940
	$	$
Inventories	869,401	724,024
Plant	1,018,887	799,413
Accts. receivable	216,606	152,180
Accts. payable	339,043	173,997

Dunlop Tire

Dunlop Tire & Rubber Goods Co. experienced a gain in both operating and net profits for 1941. On the preference, net was $5.59 a share against $4.45 and regular dividends of $1.25 a share were paid. All of the common is owned by Dunlop Rubber Co. of Great Britain and Canadian Industries Ltd.

Bank loans were repaid in full and cash position materially improved. The government-owned Fairmont Co. has assumed responsibility for the purchase of rubber. Reserve against depreciation of inventory values established in 1940 was further increased to offset price increases.

Dunlop has made application to the Department of National Revenue to establish a standard rate of profit to be used for Excess Profits Tax purposes in view of the abnormally low level of earnings during the 1936-39 base period. Since a final decision has not been rendered, provision has been for taxes at the maximum rate. Because formal agreement between the Dominion and provincial authorities regarding suspension of the provincial corporation tax acts has not yet been ratified, the company has provided for the tax payable under acts still in force.

Income and Surplus Account
Years Ended Dec. 31

	1941	1940
	$	$
Operating profit	931,240	568,495
Add: Invest. income	6,068	8,126
Net earnings	937,308	576,621
Less: Depreciation	262,578	236,935
Inc. & E. P. taxes	490,315	193,102
Net profit	184,415	146,584
Less: Pref. divds.	41,184	41,184
Common divds.	28,384	28,384
Surplus for year	114,847	77,016
Add: Prev surplus	317,650	240,634
Surplus forward	432,497	317,650
Earned per share:		
Preference	$5.59	$4.45
Paid	1.25	1.25
Common	$2.52	$1.86
Paid	0.50	0.50
Shares o/s:		
Preference, $25 par	32,947	32,947
Common, $70 par	56,768	56,768

Working Capital

	1941	1940
	$	$
Current assets	3,643,994	3,380,675
Current liabilities	1,000,102	923,059
Working capital	2,643,892	2,457,616

Balance Sheet Changes

	1941	1940
	$	$
Cash	489,563	121,309
Receivables	1,200,787	1,095,304
Inventories	1,953,644	2,164,062
Payables	473,211	377,657
Bank loan	......	300,000
Fixed assets	4,145,732	3,955,807
Less: Depreciation	2,510,747	2,304,665

Eastern Trust Co.

Eastern Trust Co.'s earnings in 1941 were slightly higher than in 1940, while total assets under administration rose by over $2.4 millions to approximately $65 millions.

Net earnings for the year of $139,654 compared with $133,330 in 1940. After taxes, net available for the capital stock was slightly in excess of the $8 dividend, practically the same as in 1940.

Comparative figures on the profit and loss account, together with principal changes in the balance sheet, follow:

Income and Surplus Account
Years Ended Dec. 31

	1941	1940
	$	$
Net earnings	139,754	133,330
Less: Dividends	80,000	80,000
Misc. w/o	9,455	10,940
Tax provision	50,000	42,000
Surplus	299	390
Previous surplus	26,650	26,259
Surplus forward	26,949	26,649
Earned per Share	$8.04	$8.01

Balance Sheet Changes

	1941	1940
Company Account:	$	$
Govt. bonds	468,005	365,142
Loans	91,137	103,944
Mortgages	478,254	418,042
Real estate	44,893	90,415
Cash	70,334	150,004
Guaranteed acct.	6,114,157	5,047,565
Trusts, etc.	57,399,803	56,011,013

N. B. Telephone Co.

New Brunswick Telephone Co. reports gross revenue last year of $1,905,631, an increase of 17% over the previous year. After dividend charges, surplus was $80,011. Working capital increased from $8,296 to $228,926.

At the end of 1941 there were 37,230 telephones in use, largest number in the company's history. Expansion of toll line facilities was planned to provide additional circuits between Montreal-Saint John-Halifax and between Boston-Saint John-Halifax.

Montreal Loan

Earning power of Montreal Loan & Mortgage Co. was maintained in 1941, net profit of $44,940 comparing with $45,331 the year before. Profits on the capital stock were $1.87 a share, a decline of 2c. a share from 1940.

Balance sheet shows elimination of $54,200 of debentures and moderate declines of mortgages and real estate held and cash on hand. A new item is investments and bonds and stocks which appears on the books at $65,199.

Income and Surplus Account
Years Ended Dec. 31

	1941	1940
	$	$
Net profits	44,940	45,331
Less: Dividends	30,000	34,500
Reserves	14,502	10,000
Surplus	438	831
Previous surplus	9,563	8,732
Surplus forward	10,001	9,563
Earn. per Share	$1.87	$1.89
Paid	1.25	1.43¾

A Chart of Victory Dollars

To force the upper line up,
the lower line must come down.

"Let us resolve to subscribe to the utmost of our ability and to see that our subscriptions result in the fullest possible *reduction in our rate of spending.*"

BUY THE NEW
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Any branch of this Bank designated in your application will look after the delivery of your bonds, and if desired will arrange for payment on an instalment basis.

A Savings Account
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are valuable adjuncts to Thrift and to the careful conduct of your affairs.

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Can Britain Be Invaded by Hitler?

Confidence Strong But Tempered by Doubts of Staff Efficiency

In his articles, written during his recent trip to Britain, Mr. Chalmers has paid tribute to the courage, the effort and the sacrifice of the British people at war. In this article he discusses the subjects of "Invasion" and the Army and reports, objectively, what the British people are themselves thinking and saying about the war office and the generals.

By FLOYD S. CHALMERS
Editor, The Financial Post

LONDON:—Will Britain be directly invaded by the Germans? The man in the street in Britain does not expect an invasion. He does not think Hitler dare attempt to invade Britain; that the odds against success are so great that it would be fatal to his military prestige and to his faint chances of ultimate victory to try and to fail.

That is not the view of the men at the top. British leaders, I gathered in various conversations, feel that Hitler must attempt the invasion because he has no other way of winning the war. They do not rate Hitler's chances of success in an invasion of Britain as very high. But they feel that he would gamble enormous armies on direct assaults on such key ports as Bristol, Hull, Glasgow, Plymouth, Liverpool, etc.

A well informed opinion is that sufficient men to permit of an outside chance of success can not be landed on the beaches; that they will have to be landed at one or more ports where transports can dock. All the usual German tricks—and some new ones—would be used: an assault from the air on key points in the interior, continuous bombing of fighter air stations, use of Fifth Columnists, the landing of tanks, both small ones from the air and larger ones by sea.

Against all such techniques Britain has organized elaborate defenses, some of which are visible and obvious to the man or woman going about his or her daily business, and some of which are well concealed. To the layman it is clear that Britain has not only set up defenses to prevent—if possible—a landing of German troops but a defense in depth to handle those who may be able to establish a bridge-head at some point.

The real test of British defense against invasion will not be whether or not troops can be landed but whether or not enough can be landed to take command of the island. To a visitor to England the preparations that have been made against a possible invasion are very impressive. I wouldn't want to be a German soldier sent on such an expedition.

Qualified Confidence

The British people are confident that they can repel an invasion of Great Britain. Part of their confidence may stem from the fact that they can see about them the defenses that have been set up; part, too, from the fact that virtually everyone has a role to play in such defense, and a vast citizen guard of nearly 5 million people is waiting.

But the British people are restless and disturbed about the progress of the war on other fronts. They ask themselves questions; questions such as these: why have we lost nearly every land campaign in which we have been engaged in the war? What is wrong with our generals? Have we no strategists, no great tacticians? Are our armies led by sleep-walkers who have not yet awakened from 1914-1918?

These are not my questions; they are merely what I heard highly intelligent and often exceedingly well informed people in Britain asking.

Keyes Gets Support

Admiral of the Fleet Sir Roger Keyes was much criticized in high circles for his November 25 attack, in the House of Commons, on the Army command. But I was in Britain at that time and after, and I found that the man on the street thought Keyes had made out a case.

Keyes spoke of the "negative power which controls the war-making machinery in Whitehall." He recounted the difficulties in getting decisions, especially for aggressive action. Time was lost while conversations, minutes and reports proceeded. He said:

"Until the Staff system is overhauled we shall always be too late in everything we undertake."

The great hero of Zeebrugge, who organized the one dramatic contribution the British army has made to this war—the Commandos—only to be replaced without a word of explanation, went on to say:

"Secret and swift decisions, surprise and speedy action, are the essence of success in offensive war — brilliantly illustrated by our campaigns in Africa. You will not get any of these, however, while dependent for decisions on the cumbrous machine in Whitehall from which we have been suffering since the war started. . . .

"I have an unbounded faith in our ultimate victory, but victory will be delayed while, in Whitehall phraseology, 'Every stone is turned and every avenue explored' for imaginary dangers and difficulties to prevent action being taken and the glorious vista of the goal beyond is shrouded in a fog of indecision. The great leaders of the past have always emphasized the value of time in war, Drake, Napoleon and Nelson, but time passes, and as long as procrastination, the thief of time, remains the keynote of the war machinery in Whitehall, we shall continuously lose one opportunity after another, during the lifetime of that opportunity."

Britain's first and most basic weakness in its land fighting forces is the comparative paucity of their numbers when compared with the German army. Before the Russian campaign the Germans had perhaps 10,000,000 fighting men available. Britain has never claimed more than half that number. Britain's whole strategy was based upon the conception that the Royal Navy would guard the life-lines while the French Army would meet the foe in Europe. France's fall left Britain very short of man power on land, as compared to Germany.

Stalin's amazing ferocity in defense and later in attack has done much to redress the balance. The Russians claim to have put 6,000,000 Germans out of action.

More conservative British estimates are that German casualties in Russia will range between 3,000,000 and 4,000,000 if the fighting there comes to an end within the near future, more if the battle continues to rage for six or eight more months.

Thus for the first time Britain faces Germany in Europe with a disparity in manpower that is capable of being offset by superior skill in strategy and tactics, superior equipment, plus control of the air and the seas, regardless of what the addition of American man power does to the general picture.

Is Leadership Lacking?

But are the superior strategy and skill, the superior equipment there?

Again the British people are none too confident that they have yet been demonstrated. They heard Churchill's judgment that, in Auchinleck and Wavell, Britain has produced two of the great generals of the war. But they think the test of generals is ability to win battles. There is confidence in Sir Alan Brooke, the new Chief of the Imperial General Staff. Long friendly with Canadian officers, to whom he was attached in the last war, Brooke spends a great deal of time with the four Canadian divisions overseas and has won the respect of the Canadians as a forceful, democratic, resourceful general.

As for equipment, Britain has still a long way to go before she can undertake a major offensive anywhere. Britain has set an objective of 30,000 tanks but the public suspects that that represents several times the number that are yet available. M.P.'s, in discussion in the House, showed themselves as shocked by the lack of heavy armament on our tanks in North Africa, which carried mostly two-pounder guns and no gun as heavy as the German tank guns. They were shocked too by the evidence that British fighting vehicles, including lorries and tanks, were spending too much time in the repair shops, while General Rommel's mobile workshops kept his tanks in action.

Improve Equipment

This has pointed the way to two important and much needed improvements in Britain's army equipment: improvement in the design of tanks not only to strengthen their firing power but also to add to their endurance. And secondly improvement in repair facilities so that lorries and tanks that break down or are damaged can be more quickly restored to action. But Britons ask themselves why such weaknesses were not anticipated and guarded against. They ask why the Army is always having to learn by cruel experience instead of planning ahead.

(It will be noted that while in Canada Major General A. G. L. MacNaughton, Canada's Corps Commander, has emphasized the need for new weapons if the war is to be won. In Britain there are many influential persons who would like to see General MacNaughton put in charge of weapon design for the whole of the British armies.)

One heard some discussion in Britain of the suggestions, made by Col. George A. Drew in a radio talk and newspaper interviews, for a new type of fighting unit for the British armies. This Canadian soldier-politician urged two things: a new type of highly mobile, fast, compact fighting unit, smaller than present divisions, quick in action and high in striking power. Secondly, the establishment of some sort of Commonwealth Tank Training Scheme in Canada, similar in conception and organization to the Air Training Scheme, and designed to produce such "attack units."

Col. Drew's proposals received some consideration in the War Office but they seem to have been more discussed by the younger officers than by the higher chiefs of the army. The War Office, so far as I could learn there, has not got beyond thinking that they are proposals worth looking at. Certain difficulties were pointed out to me. The chief one is the shortage of trained instructional personnel, capable of setting up a major tank training scheme. Another was the lack of sufficient trained staff officers to man the new units.

The British people have a very profound respect for the Canadian forces who are occupying some of the most important defense sectors in the British Isles. "They give us a great sense of security," said one of Britain's war leaders.

One hears suggestions that the Canadian troops are becoming restless under their enforced idleness. That idleness is, of course, only comparative. Actually the troops are very active. The Canadian divisions are regarded by the War Office as being in one of the most vital of the front lines of this war. Their training is directed toward making them a highly mobile force of shock troops capable of resisting—in association with British troops—any invasion that the enemy may undertake.

If that invasion does not come in 1942; if the Canadian troops go another six months or another year without having a go at the enemy as Australian, New Zealand, South African and Indian troops have already had, then it seems obvious that the role of the Canadian fighting force will need to be reviewed.

All over Britain I ran across people who believe that old canard that Canadian troops are in Britain—rather than in Libya or elsewhere—because Canada does not want to send them anywhere else. I quoted Prime Minister King's statement, which completely denies that to many people and assured them that the Canadian forces are free to go wherever, in the judgment of the higher command, they can best fight for victory. But the frequency with which one hears the contrary suggests that repeated statements by Prime Ministers King and Churchill on the role of the Canadian troops would not be out of order.

I visited a number of Canadian units. They are an impressive group of men. The British people hold them in respect—a sort of combined feeling of awe and affection. We in Canada will never fully appreciate the feeling of security that the presence of Canadian troops gave to the British people after Dunkirk. Perhaps the British people did not know that many of those Canadian troops, at that time, did not have weapons to fight with, had an invasion come. That happily is not true today.

Today our Canadian troops occupy some of the most vital of the defense areas of Britain; they have been given one of the most important and significant jobs of the war. There is not a person in Britain who does not feel that they will acquit themselves with valor if and when invasion comes.

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B. A. Oil

How is business for B.A. Oil Co. running? Do you think the present dividend rate is reasonably safe?

British American Oil Co. reports that sales for 1941 exceeded any previous period, with business obtained from the fighting forces materially increased. A move to restrict gasoline sales to civilians in the coming year is likely to affect the company and prevent it showing comparable results in 1942.

There is little question, however, that cessation of the war will find this company, like other oil companies, facing a sharper turn to prevailing high levels of domestic consumption.

In 1940 the company earned $1.11 a share from Canadian operations alone, compared with $1.24 a share from Canadian operations in 1939.

No dividends were received in 1940 from U. S. subsidiaries but Canadian earnings were more than sufficient to cover $1 a share annual dividend which has been paid since 1937.

The company has established a good position in the oil industry in Canada and its financial position is satisfactory. By 1949, according to present indications, the company will be entirely free from funded debt.

Aluminium Ltd.

We have a sum of money to invest at the moment and believe the common stock of Aluminium Ltd., would provide a pretty fair income even without the bonus declared last year. However, before buying this, I would very much value your opinion on this stock.

There are many points of attraction to an investment in capital stock of Aluminium Ltd. The growth of operations has been highly impressive. Producing a product which is regarded as essential both in peace and in wartime, its financial record to date has been highly satisfactory. Yet with all these plus features, the point which remains uppermost in the mind of anyone examining the company, is what will be its position after the war?

It might be said there will be a huge peacetime demand for aluminum as a result of deferred buying during the war. Undoubtedly this will be the case and Aluminium Ltd. might be expected to secure a large share of the business offering. Admittedly, the company will be in a strong competitive position, yet it stands to reason that because of the vital importance of aluminum in wartime it may be expected that every nation will take steps to see that it is self-sufficient in respect to adequate supplies. This means that, where possible, those countries which have aluminum industries will take steps to protect them in the postwar period. Of the need and demand for aluminum after the war there can be little doubt, but at this time it may be assumed Aluminium Ltd. will have to contend with many major problems in re-establishing its business on a peacetime basis.

Inter. Power

Will you be kind enough to let me have your views on the preferred stock of International Power Co.

International Power Co. has been steadily improving its position. This is reflected in the increased dividend payments on the preferred stock. Progress of subsidiaries has been marked and expansion of facilities is under way in line with the growth of operations in the areas served. Some time will necessarily lapse before the 1941 report is available In 1940 the company showed a net profit of $760,965, which was equivalent to $9.51 a share on the first preferred and $10.05 on the second preferred. It is to be expected that last year's accounts will show the final clearance of all bank loans.

Canadian Car

Can you say if there is any hope of a dividend on the common stock of Canadian Car within the reasonably near future?

There appears to be little immediate prospect that a dividend on the common stock of Canadian Car and Foundry Co. will be paid. In the annual report for the year ending Sept. 30 last, the president stated that in view of abnormal conditions, combined with the necessity of maintaining a strong working capital position, it is advisable in the best interests of the shareholders to postpone for the present any decision as to liquidation of arrears on the preferred stock. These arrears amount to $9.56 a share and would have to be paid before common shareholders could expect anything. Last year the company earned 58 cents a share on its common stock, the first time any balance had been available for this stock since 1938.

War contracts are now engaging a large proportion of its facilities. Evidence of how the company's business has grown is seen in the fact that over 20,500 are now employed compared with the prewar total of less than 800.

Last year the company received a net amount of $4 millions from the award for damages to its plant at Kingsland, N.J., in 1917 and some further recovery is expected this year. This sum went into surplus and was responsible for the increase in cash on hand of about $4.4 millions last year. Orders on hand are stated to be over $53 millions, largely for war materials. During wartime, railroads, the company's chief customer during ordinary periods, are unable to buy in the way in which they might relative to the scale of business being done but this, it is stated, means that a backlog of business will be piled up for peacetime.

U. S. Unit Sold By Page Hersey

C. L. Dunbar Announces Retirement as President —Expects Active Year

Featuring the annual report of Page-Hersey Tubes, Ltd., for 1941 is the announcement by C. L. Dunbar, president, that he is retiring from the presidency and that directors have taken steps to dispose of the company's subsidiary at Cohoes, N.Y.

Mr. Dunbar states he hopes to continue as a director and that he will be succeeded as president by A. W. Holmsted, K.C., now vice-president and a director. He states that conditions in his law practice and private affairs created by the war make it difficult for him to devote the necessary time to the company's affairs. He has been connected with the company since its formation in 1903.

Regarding sale of the U. S. subsidiary, Cohoes Rolling Mill Co., Mr. Dunbar gives no particulars. He states that the directors have decided the entire effort of the company and its officials would be devoted to Canadian production and consequently steps have been taken to dispose of the U. S. interests. "The results of these steps will," he feels sure, "prove to be satisfactory."

The Cohoes plant was established in 1854 and purchased by Page-Hersey in 1917. In 1935 it took over Mohawk Tube Co., another Page-Hersey subsidiary. It makes wrought iron pipe, steel pipe and conduit pipe. No information is available as to earnings of the Cohoes unit and the 1941 auditor's certificate states subsidiary company profits have not been included in the published account. Investment in stock of subsidiary and allied companies is shown at $900,000, unchanged since 1938.

War Demands Heavy

The company's plants are operating at capacity. If essential supplies of raw materials are available, operations should continue at a high level this year. Beyond this, Mr. Dunbar makes no forecast of what the future may have in store for the company but points out that its facilities will be engaged in production of all classes of tubes "so essential in the construction of equipment for our fighting forces."

Page-Hersey has purchased "at what was considered a fair price" the 35 acres of land occupied by the Canadian Car & Foundry Co.'s plant at Welland. This plant, on property adjoining the Page-Hersey land, was being dismantled. It will be used by Page-Hersey for possible extensions and also in connection with present shipping and switching facilities.

Canadian Motor Lamp, Windsor, has established a 60c. annual dividend on its A and B shares, payable 15 cents quarterly with the initial payment to be made March 15 to shareholders of record Feb. 16. Subsequent payments this year are scheduled for June, Sept. and Dec. 15. Last year the company paid 30 cents a share, with the final December payment being 20 cents.

1941 Log Production High in B. C.

Log production in British Columbia for 1941 came within a little of equalling 1940's high record. Total produced last year was 3,522,749,918 f.b.m., which compares with 3,524,662,008 f.b.m. for 1940. With the exception of 1940, last year showed much higher production than any previous year for the past seven for which information is available.

Douglas fir logs, by far the largest single variety, showed some decline last year but this was largely offset by gains in cedar, larch, spruce, cottonwood and miscellaneous. Hemlock also declined slightly. Comparative figures for production the last two years follow:

Total Production in B. C.

	1941	1940
F. B. M.	3,522,749,918	3,524,662,008
Lin. ft.	21,558,210	18,438,296
Cords	148,682	152,543
Hewn ties	412,151	514,824

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Insurance Bombshell Fizzles

Lower, More Flexible Rate Structure Likely

By DONALD G. MACLEAN

Contrary to expectations, the bomb which it was feared might wreck the whole fire insurance tariff structure failed to explode when the Canadian Underwriters Association met at the Seigniory Club last week.

Instead, the meeting:—

Unanimously voted against the resolution to suspend rates and regulations; i.e., voted against tearing down the "tariff" structure, but

Decided to reduce fire rates in the association territory in keeping with the lower fire loss ratio, and—

Appointed local committees to set rates, commissions, etc. in Ontario and Quebec separately instead of having them under central jurisdiction as at present.

Rejection of rate and rule suspension appear to have eliminated the threat of open rate war and with it the possibility of "bargain-counter" insurance. But the other two decisions left the side door open for rate adjustments in Ontario and Quebec, promised to make these more flexible and better suited to local conditions.

Although the bomb did not explode, it was clear that it had not been proved a dud, and that the tariff companies had increased their ability to meet rate threats.

Constructive Move

The latter two decisions of the association are regarded as definitely constructive if carried through. Appointment of local committees to deal with rates has been advocated for a long time by many companies including the Insurance Co. of North America and many of those that have remained with the association. The action is regarded as likely to bring about a healthier condition in the business than has existed for a long time.

For years there has been agitation among the companies in Ontario and Quebec to appoint autonomous committees in each province to handle rates, commissions, etc. Previously these matters were dealt with by the Association as a whole in spite of the existence of the two regional offices at Montreal and Toronto. Result, it is claimed, has been remote control of rate schedules.

First job of the new committees will likely be to calculate rates at a level commensurable with the lower fire loss ratio. In the past this has been a touchy subject with many members of the association, some contending that rates should be reduced along with the fire loss ratio; others that to ensure sound underwriting there should be a prolonged lag. It is stated there will be no tendency to reduce rates to unsound levels. Nor will there be any attempt to cut rates on undesirable risks. But it is expected there will be substantial reductions in a good many risks of the better class.

Much Business Lost

In recent years, it is admitted, a great deal of good business has been lost by the tariff companies because their rates were high compared with non-tariff companies and other groups. Coming reductions, it is believed, will bring rates down to a level where they will regain some of this business. On poor risks in what are regarded as conflagration areas, there will probably be no reductions as many of the tariff companies consider this business unprofitable.

Agents' commissions are a point on which it is felt the new programme may yet be wrecked. At the Seigniory meeting, the Canadian Federation of Agents indicated that they unanimously were opposed to anything that might bring about a rate war. They submitted a memorandum recording their belief that an organized underwriting association was essential to the maintenance of the insurance business on a sound basis. Individual agents expressed their opposition to a vote to suspend rates and rules.

But agents' commissions have been one of the rocks on which negotiations in the past have frequently split.

Lower fire rates will, of course, mean lower commissions. But if the percentage remains the same, the margin left to the company out of the total premium will not be altered. On the other hand, it is argued, if the lower premium rates enable the companies to get back some of the business they have lost in recent years, they will not mind continuing to pay existing commissions. As far as Ontario is concerned it was stated steps had been taken to adopt the scale of commissions advocated some time ago which wiped out the difference in rates between agents in urban and nearby suburban areas.

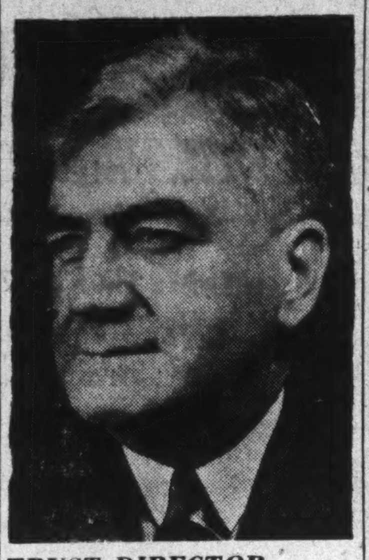
Resignation Stands

Meanwhile the resignation of the Insurance Co. of North America still stands.

The Continental Insurance group has also resigned. But its resignation does not take effect for some time yet, it is understood.

What the attitude of these companies will be will undoubtedly depend on how the new programme of the Association works. As far as rates and commissions are concerned the action of the Association appears to go a long way to satisfy the demands of the insurgents. There has been no change made as far as new policy forms are concerned it is understood.

A factor undoubtedly in the background tending to bring about a settlement of the rate question on a sound basis was the hint by Attorney General Conant of Ontario last week that any unsettlement in the business threatening the wellbeing of the public might result in government intervention and extension of government regulation over rates and forms.



TRUST DIRECTOR

John D. Hayes has been elected director of the Chartered Trust and Executor Co. He is also president of Laura Secord Candy Shops Ltd. and Fanny Farmer Candy Shops Inc.

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No Sabotage Fires Reported For Ontario Industry in 1941

There were no known cases of sabotage or attempted sabotage by fire or explosion in any Ontario war industry in 1941, W. J. Scott, Ontario Fire Marshal, states in his latest war emergency bulletin. There were no incendiary fires in industry in the final quarter of the year, Mr. Scott states.

In spite of this, total industrial fires in the province showed a 25% increase in the last quarter of 1941 compared with the same period of 1940, the increase being $66,818 in total loss and $75,795 in insured loss.

The entire year had an increase of about 20% in the industrial fire loss over 1940 which compares with 30% increase in industrial production in the province in 1941.

Total fire losses, including all types of buildings, showed an increase in both number of fires and monetary loss. The increase in the number of fires was 628 and in the financial loss $253,255.

Figures for the 12 months showed a gain of 502 in number with the loss down $12,757, as indicated in the accompanying table.

*Fourth Quarter, 1941	No. of Fires	Loss $
1941	3,824	1,991,324
1940	1,196	1,738,069
Increase	628	253,255
*Loss for 12 Months		
1941	15,773	8,087,716
1940	15,271	8,100,473
Increase	502	
Decrease		12,757

*Subject to revision in annual report.

Industrial Fires in Year		
1940	299	1,201,063
1941	367	1,420,018
Increase	68	218,955

Large fires in the fourth quarter in the province included the Camp Borden Military Hospital, the Lyons Furniture Store in Toronto and the Allcock, Laight & Westwood sporting goods establishment at Leaside, Ont.

Classes of buildings in which fires occurred during the last quarter were as follows:

CLASSIFICATION OF PROPERTY
Ontario Fires, 4th Quarter, 1941

	Fires	Loss	Paid
Brick, dwellings, protected	1,296	$ 149,408	$ 143,754
Frame, dwellings, protected	1,003	101,908	91,006
Brick, dwellings, unprotected	27	1,221	1,211
Frame, dwellings, unprotected	261	139,670	110,864
Other dwellings	333	314,635	229,373
Other 2 or 3 year risks	116	216,618	50,574
Mercantile risks—wholesale	16	2,974	2,974
Mercantile risks—retail	194	265,762	229,035
Other mercantile risks	38	8,288	5,578
Boot and shoe factories	2	509	509
Canning factories	1	84	84
Conf. and biscuit factories	2	355	355
Flour and oatmeal mills	9	69,395	55,403
Laundries	11	9,353	9,353
Lumber mills	1	2,115	2,115
Machine shops and metal works	43	32,446	32,446
Mining risks	6	2,140	2,140
Pork packing and curing nouses	2	32,589	32,264
Woodworking factories	10	26,327	22,327
Wollen and knitting mills	4	596	596
Other mfg. risks	62	275,720	257,988
Other 1-year and short term risks	307	274,201	234,085
Sprinklered risks	49	47,226	46,928
	3,793	$1,973,540	$1,560,962

Insurance Notes

Need of having a plan in selling life insurance was stressed by Maurice S. Tabor of Buffalo at the January luncheon meeting of the Life Underwriters' Association of Toronto. Mr. Tabor is a general agent of the Travelers Life Insurance Co.

Important considerations in any such plan he said were:.

To see the prospect personally.

Ascertain his age, as so much revolves around the question of age.

Get leads for new prospects.

Officers of the association for the coming year are:

P. V. BOND, Great-West Life Assurance Co., president.

J. W. WESTAWAY, Aetna Life, 1st vice-president.

S. M. WICKENS, Equitable of Canada, 2nd vice-president.

A. J. ELDER, London Life, honorary treasurer.

M. W. SPARLING, North American Life, honorary secretary.

* * *

Automobile owners who have their cars insured may by arrangement with the insurance company have stolen tires replaced, according to a ruling by the Department of Munitions and Supply. It is understood the replacement includes new tires. Persons not insured, it is stated, have no comeback in case of theft.

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B. C. Plans to Increase Compensation Benefits

From Our Own Correspondent

VANCOUVER.—British Columbia is considering amendments to increase the measure of assistance to injured workers.

Justice Gordon Sloan is investigating recommendations and is calling on various affected industries to state their case.

Logging, sawmilling, pulp and paper and mining are the principal occupations covered by existing legislation, and in most cases the proposed amendments would result in increased costs.

The mining industry has agreed to some concessions, including the following:

1. Increase the age of dependent children from 16 to 18 provided the compensation is payable only if the children in question are unemployed.

2. Increase the age of orphans eligible for benefits from 16 to 18. The proposal was originally to raise the age to 21.

3. Increase the allowance to dependent children from $7.50 to $10 a month.

4. Payment of a lump sum of $100 to widows and foster mothers in addition to other allowance for orphan children from $15 to $20.

5. Increase the maximum from $30 to $40 a month for dependent parents of a workman.

Proposed appointment of a labor member to the board was declared "wrong in principle, impractical in operation and undesirable in every way," by Senator J. W. de B. Farris, K.C., representing another industrial group. Industry, he said, was not represented as such.

Insurance Company Reports

Fire Insurance of Canada

The annual report of the Fire Insurance Co. of Canada for 1941 shows:

An increased premium income.

Total assets of over $1.6 millions.

Expansion in surplus.

Net premium income for the year amounted to $332,922, an increase of $27,526 over 1940. After deducting losses and expenses and providing for an increase of $27,417 in unearned premium reserve, profits of $92,915 are shown before excess profits tax of $28,979. Net was $63,936. The loss ratio for the year was 36.72% compared with 40.67% the year before. Taxes this year took 13.22% of the net premium income, compared with 10.83% in 1940. Expenses were 41.07% compared with 40.70%, so these two items took 54.29% of the total against 51.53% last year.

Total assets at $1.6 millions were almost $100,000 higher than the year before. Market value of the investment portfolio shows appreciation of $14,107 over the previous year.

	1941 $	1940 $
Net premiums	332,922	305,396
Net profit	92,915	87,654
Assets	1,640,920	1,554,869
Securities	1,374,623	1,266,495
Cash	146,646	176,798
Agents' bal.	106,230	98,642
Prem. res.	274,972	247,555
Surplus	603,314	570,270

American Automobile

Highlights of the annual report of the American Automobile Insurance Co. for 1941 are:

An increase of $821,777 in total assets.

A gain of approximately $2.2 millions in premiums written.

Addition of $917,346 to surplus.

The expansion in assets brought the total to $26.2 millions, of which more than $10 millions is in securities with $13.6 millions in cash in bank or offices of the company. The cash holdings were $4.2 millions higher than in the year previous.

Total premiums during the year were $19.2 millions compared with $17 millions in 1940.

In the liability account, reserve for unearned premiums was slightly lower at $6.4 millions. Total policyholders' surplus at $11.7 millions including capital stock was about $900,000 higher than in the preceding year.

The Canadian managers for the American Automobile are Shaw & Begg Ltd., Toronto. The company has $808,305 on deposit with the Receiver-General of Canada for the protection of Canadian policyholders.

	1941 $	1940 $
Assets	26,247,676	25,425,906
Securities	10,163,429	13,594,304
Cash	13,611,520	9,462,783
Prems. writ.	19,294,786	17,000,000
Surplus	9,788,511	8,871,185
P'holders surplus	11,788,511	10,871,185

Portage La Prairie

Features of the annual report of the Portage La Prairie Mutual Insurance Co. for 1941 are:

Assets increased $92,327.

Fire insurance in force amounting to $83.5 millions.

A larger underwriting gain.

Increased net profits.

Total assets at $868,591 were about $92,000 higher than in the year before, a gain of 11.8%. The report states that all resources are invested in well diversified securities. The increase in volume of fire insurance in force was about $1.7 million.

Net premiums earned amounted to $333,840, down slightly from the previous year. Net losses and expenses, however, also were lower with the result that the underwriting gain was $20,858 compared with $16,210. General revenue also was higher and net profits were $50,012 compared with $36,681 the year before.

The company's surplus increased $50,000 to $516,430. The company, the report states, has over $3.37 assets for every dollar of liability.

	1941 $	1940 $
Net prems. earned	333,840	343,448
Net losses & exp.	312,981	328,140
Underwr. gain	20,858	16,210
Interest earned	23,727	22,802
Profit on sec.	17,170	14,034
General revenue	74,372	53,471
Charges	24,360	16,790
Net profit for year	50,012	36,681
Total assets	868,591	776,263
Bonds & debs.	721,769	623,837
Cash	67,228	72,316
Res. unearned prems.	152,551	153,835
Surplus	516,430	466,417

Canadian Gen'l Group Changes

Moves Among Joint Executives of Both Companies Announced

Canadian General Insurance Company and Toronto General Insurance Company, which are under joint management and whose statements are covered elsewhere in this issue, announce the following changes in officers decided upon at their recent annual meetings:

G. Larratt Smith, K.C., who has been president of both companies for several years now, assumes the position of chairman of the board, while W. P. Fess, who has been general manager of the companies, becomes president of both although he continues as active administrative head of the companies.

A. E. Naylor was elected vice-president of Canadian General Insurance Co., and Prof. M. A. Mackenzie, M.A., F.I.A., re-elected vice-president of Toronto General Insurance Co., and C. W. Sykes continues as secretary-treasurer of both.

W. F. Spry becomes manager and in that capacity will assist Mr. Fess in active management of the companies while gradually assuming more and more of the general details of management.

Your Income Tax

Deadline for income tax returns is March 31, a month earlier than usual. In this weekly column, The Financial Post answers the problems you may have in computing your tax.

Minor in Army

What is my position on income tax in the case of a son, 18 years of age who has quit school and enlisted in the active army. There is a possibility he may be discharged at an early date for medical reasons. Of course he is not actually dependent meantime. Is the parent to claim exemption of $400?

The answer depends on several things which you have not made clear. You do not say what his present rank is nor how many days of 1941 he was in the army. We presume he is a private and that he has been in the service only a part of the year. In this case his earnings would probably be under $400. Accordingly you would be entitled to $400 exemption for income tax and an allowance of $14 for national defense tax. The circumstances, however, should be explained fully when making your income tax return.

Dentist in Army

I have been an officer in the Canadian Dental Corps since July, 1940. Is the amount deducted for national defense tax also liable for income tax? Can I claim any income tax exemption for my house and office which have been idle since I entered the service?

No. National defense tax, according to the regulations cannot be deducted from income before computing your income tax. Nor can you claim income tax exemption for your house and office because they are not revenue producing and therefore do not enter into your income at all. If they were rented to somebody or if you had another dentist employed to take your place while you are away, you might then claim some exemption for depreciation, expenses, etc.

Interest Payable in U. S. Funds

My wife has a Canadian bearer bond, coupons attached, payable optionally in Canadian or U. S. funds. The coupons are for $30 each payable at any branch of a local bank. Is the bank paying the coupon authorized to deduct the national defense tax or is it paid by the corporation issuing the bonds?

In the case of bearer bonds, the national defense tax is payable by the individual when he makes his income tax return. If the bank is deducting something from the amount of your coupons, the deduction is probably the exchange premium tax which is deductible from all coupons payable in a currency at a premium over the Canadian funds. As U. S. funds are at a premium of 10% to 11% over Canadian, your bond interest plus the premium is subject to an exchange premium tax which the bank deducts when paying the coupons.

Taxes in Arrears

May taxes on land, not the home of the taxpayer, be entered in income tax and national defense tax as an expense if they have not actually been paid for 1941 but are in arrears?

If the land is a productive piece of property contributing income to the owner then taxes would be deductible. But if it is a piece of idle land held as an investment or speculation, deduction would not be allowed. It would be advisable, however, to take the matter up with the income tax authorities as in certain circumstances, it might be possible to have taxes on one piece of real estate set off against the revenue from another. Before any such ruling could be given, however, the income tax authorities would need to be in full possession of the circumstances. The fact that the taxes do not appear to have been paid in 1941 might complicate matters.

W. E. N. BELL
Taxation & Insurance Consultant
505 Metropolitan Bldg.,
Toronto — AD. 5457

"I'll Pay it Back Next Week"

Unfortunately, such good intentions are seldom fulfilled. More often one defalcation leads to another, frequently accumulating very large amounts before discovery.

Defalcations represent a very real business hazard, and every employer, even though he has implicit faith in the integrity of his employees, should adopt the elementary precaution of bonding the responsible members of his staff. He need not feel, in doing so, that he is casting any slur on their honesty, because the willingness of an insurance company to bond an employee is a certificate of his good character. Do not expose your business to unnecessary hazards. Secure the preventative protection of Consolidated Fidelity and Surety Insurance.

CONSOLIDATED
FIRE & CASUALITY INSURANCE CO.
HEAD OFFICE, INSURANCE EXCHANGE BLDG.,
14-24 TORONTO STREET
TORONTO
"One of the Shaw & Begg Group"

The Fire Insurance Company of Canada

MONTREAL

Balance Sheet — December 31, 1941

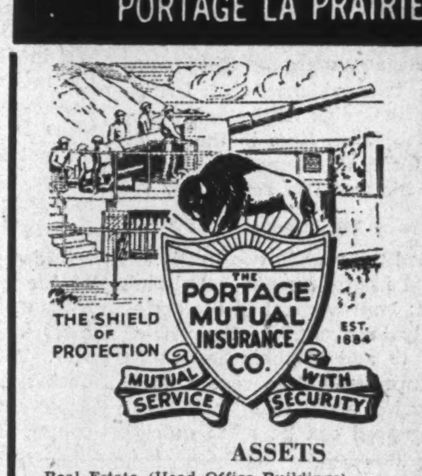
ASSETS		LIABILITIES	
Cash	$146,646.06	Unearned Premium Reserve (Legal Standard)	$274,972.77
Investment Securities at Market Values allowed by the Department of Insurance	1,374.623.31	Losses under adjustment	12,185.00
Accrued Interest	11,325.13	Reinsurers' Deposits	106,751.93
Due from Agents	106,230.81	Due to Reinsurance Companies	33,340.91
Due from Reinsuring Companies	2,094.89	Accrued Taxes	45,355.13
			472,605.74
		Contingent Reserve	65,000.00
		Capital Stock: Authorized and fully paid 5,000 shares $100 par value	500,000.00
		Surplus Account	603,314.46
	$1,640,920.20		$1,640,920.20

The Right Hon. RAOUL DANDURAND, K.C., P.C.
President

J. A. BLONDEAU,
Vice-President and Managing Director

The PORTAGE LA PRAIRIE MUTUAL INSURANCE COMPANY

PORTAGE LA PRAIRIE, MAN. WINNIPEG, REGINA, EDMONTON



FIFTY-EIGHTH ANNUAL REPORT

Balance Sheet as at December 31st, 1941

ASSETS

Real Estate (Head Office Buildings)	$		1.00
Bonds and Debentures at book value (Par value $759,649.32)	$730,778.78		
LESS: Amount to reduce to Values approved by Dom. Govt.	9,008.83		721,769.95
Deposits with Trust Companies for investment			23,000.00
Cash in banks			67,228.16
Interest accrued in investments			6,421.44
Agents' Balances under 90 days	$ 31,475.50		
	1,155.06		30,320.44
1941 Assessments unpaid			16,627.70
Surrender value of Life Insurance			3,222.50
OTHER ASSETS:			
Autos, Furniture and Fixtures	$	2.00	Not
Agents' balances over 90 days		1,155.06	Included
NET ADMITTED ASSETS			$868,591.19

LIABILITIES

Provisions for Net Unpaid Claims		$ 14,729.89
Reserve of Unearned Premiums (Dominion Government Standard)		152,551.94
Reinsurance Premiums Held as Reserve		55,171.72
Reserve for unlicensed, unsecured Reinsurance		5,352.06
Taxes due and accrued		6,806.23
Sundry Accounts		700.00
Reinsurance Accounts Payable		4,657.27
Employees' Retirement Fund		17,191.99
		$257,161.10
Reserves for Contingencies	$ 25,000.00	
Reserve for future fluctuation of Investments	70,000.00	95,000.00
SURPLUS brought forward— January 1, 1941	466,417.75	
Increase to Surplus, Dec. 31, 1941	50,012.34	
		$516,430.09
TOTAL		$868,591.19

Unassessed Portion of Premium Notes............ $672,245.35

CERTIFICATE TO POLICYHOLDERS: We certify that we have audited the books, accounts and vouchers of The Portage la Prairie Mutual Insurance Company for the year ended 31st December, 1941. We have obtained all the information and explanations required, and after due consideration, have formed an independent opinion as to the financial position of the Company. In our opinion so formed the Balance Sheet herewith is properly drawn up so as to present a true and correct view of the state of the Company's affairs as at 31st December, 1941, according to the best of our information, the explanations given to us, and as shown by the books of the Company. All the transactions of the Company that have come under our notice have been within the objects and powers of the Company.

Winnipeg, Canada.
22nd January, 1942.

G. B. HARE & CO., C.A.
Auditors.

M. G. TIDSBURY, *President*. E. H. MUIR, *Vice-President*
A. H. THORPE, *Mgr.-Secretary* A. G. HALL, *Treasurer*

DIRECTORS:

M. G. TIDSBURY, E. H. MUIR, JAMES McKENZIE, P. D. McARTHUR, ROBERT McDERMOTT, J. C. MILLER, K.C., JOSEPH TRIMBLE, ARTHUR SULLIVAN, K.C., Winnipeg, HON. D. L. CAMPBELL, M.L.A.

"The Company operates under the Dominion Insurance Act, and is subject to Annual Inspection by Dominion Government Officials."

FIRE AND WINDSTORM

Life Insurance Contest — Honorable Mention — Problem 2

Plan For Young Executive

Ordinary Life Insurance Seen as Solution

Herewith is published a second article which won honorable mention in Problem two of The Financial Post insurance contest. The individual for whom this programme is suggested was outlined as a "junior executive, total income $3,000 to $5,000 a year, 30 to 35 years of age. Has saved and invested $2,000 to $5,000. Married, has two children both under 10. No inheritance prospects."

The writer, A. Carlton Park, was born in Rhode Island in 1910, has been a resident of Canada since 1913. On graduating from McMaster University, he joined the actuarial department of the London Life Insurance Co. at head office. In 1937 he became a branch secretary. In 1938 he devoted himself to full-time underwriting and for the past two years he has been a senior member of the company's production club. He is a golf devotee.

A. CARLTON PARK

By A. CARLTON PARK, C.L.U.
London Life Insurance Co., Hamilton

When you ask, "What life insurance should I carry?" I know of no better way of presenting my recommendations to you than to show you what we did for a man whose income and responsibilities were almost identical with yours. Let's call him John Smith, and his little boy aged two and girl, three, Billy and Isabel. Mr. Smith is 31, his wife Dorothy 32. His present income is $4,200 a year. He is a very ambitious and progressive junior executive and should go a long way with his company.

When he was 24 years of age, Mr. Smith purchased a $5,000 ordinary life plan of insurance for which he made an annual deposit of $75. At age 27 he bought another $5,000 policy on the same plan for an annual deposit of $85. This total of $10,000 was all the insurance he owned when we sat down together to work out a programme of security for his family if he should die early in life, and for himself and family if he lived to retirement age.

Main Objectives

He had in mind three main objectives:

1. His wife's security.
2. His children's education.
3. His own retirement.

I suggested a fourth problem—his mortgage obligation, which he had overlooked.

We started with the most important part—the provision for his wife's security.

In case of his death we decided $2,500 was the least amount of ready cash necessary for final expenses and emergencies. This would pay doctors and nurses, hospital and funeral expenses, and provide for administrative costs, accrued taxes and any incidental obligations. Any sum remaining after these payments were made should be held as a cash reserve in case of accident or sickness while the children were still young.

Set Minimum Needs

The Smiths have been living fairly well and it would take a few months for Dorothy to adjust herself to a smaller income. We decided to establish minimums first and then if Mr. Smith felt he could handle more, we could improve upon his programme.

He felt that after a short readjustment period of possibly six months, Dorothy would need at least $125 per month while the children were dependent upon her for support, and that later $75 per month would be the absolute minimum necessary for her own living requirements.

As the children would be dependent for the next 15 to 18 years, the life income, which formed the basis of our plan, was to be guaranteed for 20 years certain; payable to Dorothy if she lived; or to a guardian for the benefit of the children if she did not survive the 20-year period. If Dorothy lived beyond the 20-year income period, the payments would be continued to her as long as she lived—an income she could never outlive.

Mr. Smith also wanted Dorothy's income arranged so she would not have the worry and hazard of investing and reinvesting a large sum of money.

"Morever," he said, "I want this to be Dorothy's income and security. I am not setting it up so that she will have money to help brother Harry out of a jam; or to invest in cousin Bill's wonderful business opportunity; or to attract some other fellow to a commercialized marriage."

Not Enough Insurance

Having thus expressed himself, I told him the policies he now owned were ideal, but by far too small.

The "Ordinary Life Plan," provides the greatest amount of permanent security for one's family for the least possible outlay. We find that, unless there are unusual circumstances, it is the best plan to follow until adequate family security has been established. Later on, adjustments in plan can easily be made in order to have premiums paid up at an earlier age or to build up larger endowment or retirement values. Such adjustments only require increased deposits; but whenever it is necessary to increase insurance protection, a man must be able to qualify medically.

"Ordinary Life" is very satisfactory as a permanent plan. It contains the most valuable features found in any policy. It makes provision for paid-up insurance and has an increasing cash value which is available:

(a) For use in an emergency.
(b) For retirement.
(c) To continue the insurance automatically in force over a lean period.

After making provision for the final expense and emergency fund of $2,500 we found that at age 32 the balance of Mr. Smith's $10,000 insurance would only provide $27 of the $75 monthly life income required for Dorothy. These incomes would be slightly higher if Dorothy were older when Mr. Smith died; but as we had to establish minimums if he should die this year, to make up the difference of $48 and also to allow an extra $25 per month for the six months' readjustment period, it was necessary to purchase an additional $13,500 policy, for which he made an annual deposit of $275. The insurance company agreed to this settlement. His new policy was on the Ordinary Life Plan with annual dividends, and included a waiver of premium disability benefit in case of sickness or accident. I pointed out that his other policies should be changed to include this same benefit so that his programme would be uniform. The "Waiver - of - Premium Disability Benefit" would provide that should his disability continue for more than six months the premiums, after this waiting period, would automatically be paid by the insurance company as they fell due. When he recovered, he would carry on as before without having to reimburse the insurance company for any premiums they had paid. It is an important feature in any insurance programme because of the danger of prolonged disability.

Also I advised him to allow his dividends to accumulate. By so doing, enough value would be built up in his policy to provide for fully paid-up insurance, well before retirement age.

Children's Education

Now let us turn to the second part of his programme. But Mr. and Mrs. Smith were anxious to provide a good home and a good education for Billy and Isabel.

In order to guarantee that the ambitions of Dad and Mother for Billy and Isabel would be realized, two provisions were necessary.

1. In case Mr. Smith died, Mrs. Smith would need an extra income while the children were growing up, and then money with which to pay the expenses of their final education.

2. If Mr. Smith lived, money would be needed to help finance Billy's and Isabel's education. He could, no doubt, finance part of these expenses out of his earned income, but to supplement this and to prevent the load from being too heavy, we arranged a $5,000 Ordinary Life Plan with a 15-year Family Income Rider and a waiver of premium disability benefit. This provided:

a. If Mr. Smith died within 15 years, an income of $50 per month would be paid to Mrs. Smith, or the children's guardian, commencing immediately upon Mr. Smith's death and continuing until he would have been aged 46 had he lived. Billy and Isabel would then be aged 17 and 18 respectively and there would be a fund of $5,000 to look after the expenses during the years of their final education. Mrs. Smith would need possibly $1,000 of this amount for continued expenses during intervening periods and extra calls. This would leave $2,000 apiece for the children's education.

Arrangements could be made with the insurance company so the money would be paid in installments as required.

b. If Mr. Smith were still living when the children were ready for their education, he could draw upon the cash value and dividends built up in the policy (a total of over $1,500) to pay part of the educational expenses and finance the balance out of his income. He could use up all the value in the policy as the need for the insurance would no longer exist when the children had finished their education.

c. If Mr. Smith were disabled before the children completed their education, his plan would continue automatically.

The annual deposit for this part of the programme amounted to $124 or an average savings of between $10 and $11 per month.

Keeping the Home

So far we have not dealt with the lovely home Mr. Smith built four years ago. He had a mortgage of $4,000 to pay off over the next 16 years, before he could call it his own, and wanted to make sure if anything happened to him before the mortgage period was over his family would own a home instead of a mortgage obligation. Besides he had invested most of his savings in that home and he felt it was good business to cover the mortgage and protect his equity.

The plan we selected was an Ordinary Life Non-participating policy with a 14-year Family Income Benefit and a waiver of premium disability benefit. This provided for a reducing amount of insurance as the mortgage was paid off, but if Mr. Smith died, there would be sufficient insurance at any time to cover the balance of the mortgage. The beneficiary was given authority to obtain the Family Income installment payments and principal sum immediately upon Mr. Smith's death. We made the plan non-participating because it was to cover a comparatively short time and also Mr. Smith wanted to know exactly what the outlay for his mortgage amounted to each year. The annual deposit was $45. The combination of ordinary Life and Family Income was ideal from every standpoint—automatically reducing protection—small annual deposit of a definite amount—and if Mr. Smith lived to pay the mortgage off himself, his plan would have a cash value he could use to pay any repair expenses. If he did not need the cash, he could take a paid-up policy for a reduced amount of insurance and let the cash value build up until he needed it for some emergency or retirement.

Security Provided

Summarizing — The security and protection for family and home which this programme of insurance provides, is as follows:

1. For final expenses and emergencies—$2,500.

2. An income for Dorothy as follows:

a. $150 per month for 6 months of readjustment.

b. $125 per month until Billy is aged 17 and Isabel 18.

c. $75 per month thereafter for life.

3. For the final educational period:

a. $1,000 for Dorothy's extra expenses.

b. $2,000 apiece for the children's educational expenses.

4. Sufficient cash to pay off the the balance of the mortgage at any time.

This brings us to the final feature of Mr. Smith's programme. The money he saves for his insurance, a total of approximately $600 per year, steadily accumulates an available cash reserve to provide emergency dollars or to make it possible for him to take advantage of a business opportunity. It represents real progress each year toward building up a retirement fund. It is a safe and systematic plan of saving part of his income with the guarantee that during any prolonged period of disability his complete programme of protection and saving will not fall down but be automatically continued.

At age 65 the paid-up policies he owned primarily for Dorothy's security would have a cash value of over $16,000. This, if converted into an annuity payable as long as either he or Dorothy lived, would provide an income of about $100 per month.

I explained he could own his life programme, complete in every detail, by saving $50 per month of his $350 income and still have $300 each month for himself and family to live on.

Today he is more than delighted with his programme. He has a wonderful feeling of security and a new enthusiasm for his work.

Loyal Protective Co. Expands Operations

The Loyal Protective Life Insurance Co. with head office at Boston has made arrangements whereby in future policies will be issued from the Canadian head office at Toronto, instead of from the United States. Underwriting will also be done at Toronto and claims paid from there. The company has been licensed to write accident and sickness insurance in Canada since 1913 and in 1935 was licensed to write life insurance.

It issues a non-cancellable accident and sickness policy which is guaranteed renewable year by year up to a specified age. William Skelton is Ontario provincial manager with office at Toronto and C. A. Lytle is chief underwriter.

Saskatchewan Life Has Good Year

The Saskatchewan Life Insurance Co. has made application to the Dominion Parliament to have its name changed to the Fidelity Life Assurance Co.

In his address at the annual meeting, President C. M. Willoughby explained that the present name is too provincial. The company does business in all four western provinces and is aiming to expand its operations gradually so occupational diversification may be complete.

A Comprehensive Reinsurance Service

GENERAL REINSURANCE CORPORATION

Financial Statement, December 31, 1941

ASSETS

Cash in Banks and Offices		$ 2,727,394.57
Investments:		
Bonds	$9,057,182.09	
North Star Reinsurance Corporation Stock	2,073,907.51	
Other Stocks	3,246,478.73	
Mortgage Loans	151,443.75	
Real Estate	27,000.00	
Total		14,556,012.08
Premiums in course of collection (not over 90 days due)		710,115.80
Accrued Interest		75,413.97
Other Admitted Assets		42,768.34
Total Admitted Assets		$18,111,704.76

LIABILITIES

Reserve for Claims and Claim Expenses		$ 7,170,219.07
Reserve for Unearned Premiums		2,518,631.34
Reserve for Commissions, Taxes and Other Liabilities		667,096.64
Catastrophe Reserve		350,000.00
Voluntary Reserve		405,757.71
Capital	$1,000,000.00	
Surplus	6,000,000.00	
Surplus to Policyholders		7,000,000.00
Total		$18,111,704.76

Bonds and stocks owned are valued in accordance with the requirements of the New York State Insurance Department. • On the basis of December 31, 1941 market quotations for bonds and stocks owned (other than stocks of affiliates), Total Admitted Assets would be decreased to $17,957,801.30 and Voluntary Reserve to $251,854.25. • Cash and securities carried at $1,289,860.95 in the above statement are deposited as required by law.

Casualty and Bonding Lines

NORTH STAR REINSURANCE CORPORATION

Financial Statement, December 31, 1941

ASSETS

Cash in Banks and Office		$ 305,349.00
Investments:		
Bonds	$3,286,552.07	
Common Stocks	1,253,274.50	
Mortgage Loans	38,500.00	
Total		4,578,326.57
Balances due from Ceding Companies (not over 90 days due)		520,556.48
Accrued Interest		30,377.79
Total Admitted Assets		$5,494,610.44

LIABILITIES

Reserve for Claims and Claim Expenses		392,870.12
Reserve for Unearned Premiums		2,949,220.17
Reserve for Commissions, Taxes and other Liabilities		47,586.03
Capital	$ 600,000.00	
Surplus	1,504,934.12	
Surplus to Policyholders		2,104,934.12
Total		$5,494,610.44

Bonds and stocks owned are valued in accordance with the requirements of the New York State Insurance Department. • On the basis of December 31, 1941 market quotations for bonds and stocks owned, Total Admitted Assets would be decreased to $5,488,468.97 and Surplus to $1,418,792.65. • Securities carried at $424,036.80 in the above statement are deposited as required by law.

Fire and Allied Lines

90 JOHN STREET, NEW YORK • 200 BUSH STREET, SAN FRANCISCO

Insurance Notes

The Canada Life Assurance Co. has opened a new branch at Peterborough, Ont., under the management of Oscar Smith. He will be assisted by C. A. Sollitt who has represented the Canada Life in Peterborough for many years. Mr. Smith was formerly district manager at Sarnia, Ont. Mr. Sollitt joined the Canada Life in Peterborough in 1931 and was appointed district manager there in 1935.

* * *

Arthur Mitchell, Equitable Life manager at Waterloo, has been awarded the president's shield for production leadership in 1941. Mr. Mitchell has been a consistent member of the company's production clubs and led the company managers in quota performance. S. Eddie, district manager of the company at St. Catharines, was high man in applications secured.

American Automobile
INSURANCE COMPANY

FINANCIAL STATEMENT DECEMBER 31st, 1941

Assets

U.S. Government Bonds		$ 3,905,278.61
Corporation Stocks		4,767,500.00
Stock of Subsidiary Fire Insurance Co.		1,490,429.02
Total Investments		$10,163,207.63
Premiums in course of Collection (Less than 90 days old)		2,457,495.58
Cash in Banks and Offices		13,611,520.49
Accrued Interest		15,452.99
Total Admitted Assets		$26,247,676.69

Liabilities

Reserve for Unearned Premiums		$ 6,423,429.11
Reserve for Liability Claims and Claims Expense		6,049,064.82
Reserve for Other Claims and Claims Expense		761,066.55
Reserve for Commissions (Not Due)		544,409.84
Reserve for Taxes		379,196.24
Reserve for Other Liabilities		127,139.46
Reserve to Adjust Security Valuations		174,859.90
Capital Stock	$2,000,000.00	
Surplus	9,788,511.27	
Surplus as regards Policyholders		11,788,511.27
Total Liabilities		$26,247,676.69

On Deposit with the Dominion Government for Protection of Canadian Policyholders, $808,350.00.

AMERICAN AUTOMOBILE INSURANCE COMPANY
Organized 1911 Saint Louis, Mo.

SHAW & BEGG
LIMITED
Canadian Managers
14-24 TORONTO STREET TORONTO

Notice that wink in the background! Mother and Tommy have both heard Dad's remark and they'll get him what he wants on his birthday . . . or anniversary . . . or Easter.

One of the many advantages of the STAR WEEKLY is that the whole family reads the paper — men, women and children. Naturally, the more readers per family the more effective your advertising will be. No other Canadian publication gives you such a huge circulation and such high readership by men *and* women as the STAR WEEKLY does.

LARGEST CIRCULATION IN CANADA *plus* HIGH READERSHIP

The STAR WEEKLY
PUBLISHED AT 80 KING ST. W., TORONTO, CANADA

MONTREAL ADVERTISING OFFICE: University Tower U.S. REPRESENTATIVES: Ward-Griffith Company Inc.

Quebec Power Systems Now Linked by Grid

From Our Own Correspondent

MONTREAL. — Important inter-system connections developed since the war started have given Quebec a grid system equal to any similar system on the continent, according to James Wilson, president, at the annual meeting of Shawinigan Water & Power Co. The three major systems on the St. Lawrence, Saguenay and the St. Maurice rivers with their 3 million h.p. of generating capacity are now co-ordinated, he added, to meet the peak load demands of industrial Quebec.

Wilson touched on the activities of the company and its subsidiaries, gross aggregate income of which amounted to about $37 millions in 1941.

Mention was made of the electro-metallurgical and other products of the wholly-owned subsidiaries at Shawinigan Falls. In this connection he said:

"When the time comes to disclose the extent of these operations and the electro-chemical processes developed and put into use, the wisdom of establishing a research department at Shawinigan Falls as far back as 1916 will become fully apparent. This department has broadened the use and application of electricity in many industries and in co-operation with the government and various agencies of government, it has made a notable contribution to Canada's war effort."

Concerning 1942, Mr. Wilson said it can be reasonably expected that the record activities of 1941 will be continued. At the same time, he cautioned that while the company has met the emergency of war, it must also be ready for peace. The postwar period, he went on to say, will call for readjustment of many matters affecting the electrical industry and a use must be found for what may well be a surplus of generated capacity.

B. C. To Bonus Iron Output

To Place Bounties on Pig Iron Treated Within Provincial Boundaries

From Our Own Correspondent

VANCOUVER. — The British Columbia government has offered an additional bounty on iron ore mined and treated in the province, but there is no indication of a plant being erected on the west coast in the near future despite somewhat cheerful forecasts from representatives of the provincial government.

The government has proposed a tax of 17.5 cents per ton on all iron ore mined, with a drawback of the full amount for all ore smelted in the province. This would have the effect of a small bonus for ore treated in British Columbia.

Steel Shapes Share

Also proposed is re-enactment of the Iron and Steel Bounties Act, which provides bonus of $3 per ton for pig iron from ore mined in British Columbia; up to $1.50 a ton for pig iron manufactured in B.C. from ore mined outside the province and a bounty up to $1 a ton on steel shapes of commercial utility manufactured in British Columbia.

The bounty on steel shapes applies only to those manufactured in a rolling mill having a rated capacity per annum of at least 20,000 tons.

Hopes of establishing blast furnaces in British Columbia now or within the next few years seem hardly likely to be fulfilled in view of increasing scarcity of equipment, labor, materials of all kinds.

Those who are encouraging establishment of the steel industry on this coast believe that it should start with a moderate sized rolling mill to work on the 70,000 or so tons of scrap metal accumulating in this province annually; but it is felt that even a plant of that type and size should have been initiated a year or so ago rather than during the present difficult period.

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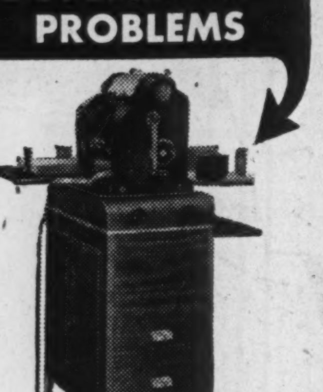

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York County Has $55,150 Surplus

Balanced Budget For Ninth Consecutive Year Is Achieved

County of York, Ont., had a surplus of $55,150 during 1941 with net expenditures of $866,524 comparing with the year's tax levy of $921,674. After a $13,191 adjustment of items for prior periods and transfer of $69,401 to reserve for contingencies surplus carried forward at Dec. 31, 1941, amounted to $23,150. No bank loans were outstanding at the end of the year.

During the year all 1941 county levies were paid in full, with no arrears outstanding. The period was the ninth consecutive year in which the country has had a balanced budget, and during this period the net debenture debt has been reduced approximately $642,000. For the last eight years the country has issued no debentures, and has been on a "pay as you go basis."

Debentures outstanding in the hands of the public at Dec. 31, 1941, amounted to $871,000, a reduction of $190,000 on the year. Debentures of constituent municipalities guaranteed by the country now amount to $1,446,937. These debentures were originally guaranteed in 1932 at which time they totalled $2,179,500.

Ontario Paper Portrays War

How each section of the Canadian people and the Canadian economy has been mobilized to play its part in winning the war is the theme of a new illustrated booklet from the Ontario Paper Co. It is a picture-story of the strides made in making good our boast of becoming the "arsenal of democracy."

A list of the phases of our war action which are covered indicates the scope of this booklet. There are sections on the army, the navy, the airforce. There is something about the training of workers in the pulp and paper industry's own machine shops—part of the "bits and pieces" programme—something of the building of anti-aircraft and machine guns, the growing and processing of food for Britain.

Forest products gets a special section. The booklet shows how pulp and paper making operations fit into the national war picture, how raw materials are furnished for explosives and newsprint for export and payment in foreign exchange.

The part women are playing, shipbuilding and, research are covered.

Entitled "Each to Our Part," taken from one of Winston Churchill's speeches, the booklet is a notable production.

Public Utility Earnings

Mexican Light & Power
Eleven Months Ended November

	1941 $	1940 $	Incr. %
Gross earnings	8,947,198	7,499,062	19.3
Oper. exps. & depr.	6,556,509	5,923,330	10.6
Net earnings	2,390,689	1,575,732	51.7
November			
Gross earnings	920,922	769,613	19.6
Oper. exps. & depr.	584,186	628,331	*7.0
Net earnings	336,736	141,282	138.3

*Decrease.

East Kootenay Power
Month of December

	1941 $	1940 $
Gross earnings	67,762	50,394
Less: Oper. expenses*	28,193	20,639
Net earnings	39,569	29,755
Nine Months Ended December	**1941 $**	**1940 $**
Gross earnings	529,128	460,604
Less: Oper. expenses*	183,984	157,385
Net earnings	345,144	303,219

*Do not include income taxes.

Jamaica Public Service

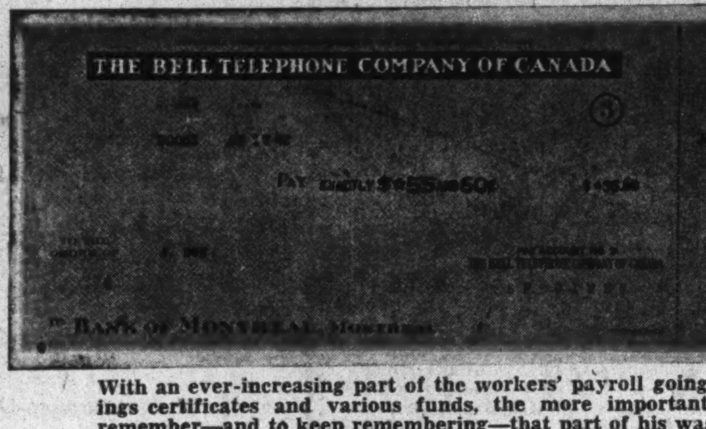
	1941 $	1940 $
December:		
Operating revenues	119,951	109,597
Gross inc. after retire. reserve accruals	37,741	32,387
Net income	29,711	24,112
Twelve Months End. Dec. 31:		
Operating revenues	1,224,083	1,096,831
Gross inc. after retire. reserve accruals	363,093	324,524
Net income	260,440	220,665

Subject to adjustment and audit, the above figures have been converted from £ sterling at the rate of $4.86⅔ to the £.

Southern Canada Power
January

	$	$
Gross income	267,301	241,569
Oper. expenses	78,992	62,609
Taxes	64,933	62,196
Net revenue	123,375	116,764
Int., deprec., divds.	116,540	113,966
Surplus	6,835	2,798
Four Months Ended January	**1942 $**	**1941 $**
Gross income	1,084,204	983,369
Oper. expenses	334,450	283,341
Taxes	258,945	234,593
Net revenue	490,809	465,435
Int., deprec., divds.	467,659	457,559
Surplus	23,150	7,876

Time Savers to Meet New Needs



With an ever-increasing part of the workers' payroll going in taxes, bonds and savings certificates and various funds, the more important it is for the earner to remember—and to keep remembering—that part of his wage which he does not see. Reproduced here is a pay cheque which does that job clearly and which is highly satisfactory both to worker and business office.

War Makes Australia Great Industrial Nation

The war has given remarkable stimulus to manufacturing in Australia. In a newly-published study of Canada's sister Dominion, C. Hartley Grattan says "Australia should emerge from this war with a fairly comprehensive manufacturing establishment capable of adaptation to its basic peacetime needs; and the signs indicate that many will advocate that its further elaboration and extension be a primary postwar task."

Mr. Grattan, who has spent several years in Australia on a grant from the Carnegie Foundation, thinks that Australia's industrialization will further intensify the struggle between the "country" and the "city" that has been the most marked feature of Australian politics for over a generation. The war-born industries will not give up without a fight. Australia is in for a spate of economic nationalism. The manufacturers want tariff controls of prices and profits.

See Industrial Future

Some Australians look forward to their country becoming one of the great industrial bases of the Far East; they want British industries to transfer their Far Eastern operations to their country.

But all plans for maintenance of Australian industry must consider that Australia is still an exporting country, Mr. Grattan maintains. She cannot afford a narrow nationalistic policy any more than she can let the international outlook become the foible of her intelligentsia.

Population Problem

Underlying all arguments about social and economic policy in Australia is the population problem, Mr. Grattan points out in his study, which is entitled "Introducing Australia." Australians think they have room for 20 to 30 millions of people. Mr. Grattan doubts if Australia will support as many people in practice as it should be able to do in theory.

Mr. Grattan's volume is an intensely interesting and, at this time, impressively valuable study of one of Canada's sister British nations which the war has made one of the important nations of the world.

INTRODUCING AUSTRALIA. By C. Hartley Grattan. Published by Longmans, Green and Co., Toronto. Price $4.

Amend Salary Bonus Order

Lines Drawn For Salaried Officials Bonus Rights

Several amendments have been made to the Wartime Salaries Order applying to employees above the rank of foreman. They include:

1. Workers earning less than $175 a month, exclusive of cost-of-living bonus, are not deemed to be above the rank of foreman, regardless of their duties.

2. Workers earning $250 or more, per month, exclusive of cost-of-living bonus, are deemed above the rank of foreman or comparable rank, unless their duties and responsibilities clearly indicate otherwise.

3. A cost-of-living bonus may be paid to salaried officials earning less than $3,000 per year.

4. Any employer who is paying a cost-of-living bonus to an employee regularly earning more than $3,000 per year, exclusive of the bonus, may pay a bonus in accordance with the Wartime Wages Order to a salaried official whose salary does not exceed $4,200 per year. But the total remuneration of such an official must not exceed the total remuneration regularly paid to an employee not above the rank of foreman.

5. A cost-of-living bonus established and payable prior to Nov. 7, 1941, is regarded as part of the salary rate of the salaried official, and as such, may continue to be paid at the same rate but may not be subsequently increased by reason of any increase in the cost of living, unless specifically permitted.

7. No director may be paid fees in excess of the rate paid to him or other directors in the 12 months ended Nov. 6, 1941.

Auto Business Drops Sharply

New passenger car registrations in eastern Canada dropped 63% in December from a year ago, with total being 2,486 against 6,762 in Dec., 1940. For 1941 total registrations were down 14% to 63,929 from 74,697 in 1940.

Sales of new passenger cars in Canada during December totalled 3,875 units with a retail value of $5.2 millions, a decline of 56% in number and 50% in value from the 8,775 vehicles sold for $10.5 millions Dec., 1940. Substantial declines in sales were registered throughout Canada. Sales in Saskatchewan and B. C. were cut by about two thirds, while in Quebec, Ontario and Alberta sales fell off by more than one half. Manitoba and the Maritimes were down 44% and 32% respectively from December a year ago.

Detailed registrations of new passenger cars in eastern Canada for December and the entire year follow:

New Passenger Car Registrations In Eastern Canada

	December 1941	December 1940	Year to Date 1941	Year to Date 1940
Chevrolet	401	1,393	14,120	15,259
Dodge	522	1,211	11,110	12,226
Plymouth	376	937	9,872	10,829
Ford	244	873	9,669	10,405
Pontiac	216	590	5,660	4,996
McL.-Buick	133	338	3,042	4,170
Chrysler	99	233	2,034	2,693
Mercury	93	220	2,626	2,563
Oldsmobile	89	337	2,332	3,256
De Soto	36	112	885	1,253
Hudson	18	110	668	2,705
Packard	17	44	345	884
Studebaker	13	94	490	1,901
Nash	13	159	673	606
Cadillac	12	82	249	332
Willys	1	29	154	619
Total	2,486	6,762	63,929	74,697

T. C. A. Organizes New Division

From Our Own Correspondent

MONTREAL.—Trans-Canada Air Lines is to set up a Maritime division preparatory to extension of the air line service from Moncton to Newfoundland.

Moncton is to be the base of operations for the new air services to Sydney, as well as to Newfoundland, and a large staff of pilots and ground men will be stationed there.

Open About May 1

Tentative date of the opening of the service to Newfoundland is about May 1, but it is planned to run familiarization flights over the route early in April.

Several months ago work was begun on the installation of radio range facilities for the air route between Moncton and Sydney and upon completion of this work extension of the facilities to include the Newfoundland route was started.

Food Volume Gain Large

Wholesale Grocery Trade Carries Heavier Inventories in Dec.

The wholesale grocery trade in Canada last year sold 15.9% greater dollar volume of goods than it did in 1940. For December, dollar sales of $15.1 millions were 4.1% above the closing month of 1940.

Inventories carried by grocery wholesalers at the end of December were valued 20% higher than at the end of 1940 but were 9% lower than at the end of Nov., 1941. Normally stocks on hand at the beginning of December are about 62% in excess of the volume of business transacted during the month. At the beginning of December last, stocks on hand were 78% above the volume of business done in the month, indicating that the inventory position was above normal, according to the Dominion Bureau of Statistics.

Dollar sales of the 72 firms reporting for December and the gain for 1941 over 1940 on an annual basis follow:

Wholesale Grocery Trade

	—Dec. Sales— 1941 $000	1940 $000	Gain 1941 over 1940 %
Maritimes	1,886	1,744	18.9
Quebec	1,782	1,671	14.0
Ontario	4,845	4,727	15.4
Prairies	4,601	4,305	14.2
B. C.	1,955	2,034	20.1
Canada	15,070	14,481	15.9

For chain stores, 988 units operated by 24 companies in the food retailing field showed an average gain of 24.6% in December last over the same month of 1940. The same 24 firms operated 1,066 units a year earlier, making average sales per store for Dec., 1941, $14,480 against $10,768 for the last month of 1940. Quebec showed the largest increase with 31.9%, followed by Ontario with 24.0%, British Columbia with 22.2% and the prairie provinces with 18.3%.

Month of December

	No. stores	Sales $000	Sales gain over 1940 %
Quebec	193	2,934	31.9
Ontario	539	8,269	24.0
Prairies	159	1,694	18.3
B. C.	97	1,410	22.2

Independent grocery, or grocery and meat stores (987 in all) report sales gain of 15% on the average for December last over Dec., 1940. Gains in eastern and central Canada exceeded those of the western provinces.

Sales for December

	No. stores	No. gains	Gain over Dec., 1940 %
Maritimes	135	118	19.0
Quebec	214	187	18.7
Ontario	385	326	13.8
Manitoba	64	52	13.3
Saskatchewan	41	28	7.5
Alberta	64	49	10.8
B. C.	84	60	9.9
Canada	987	820	15.0

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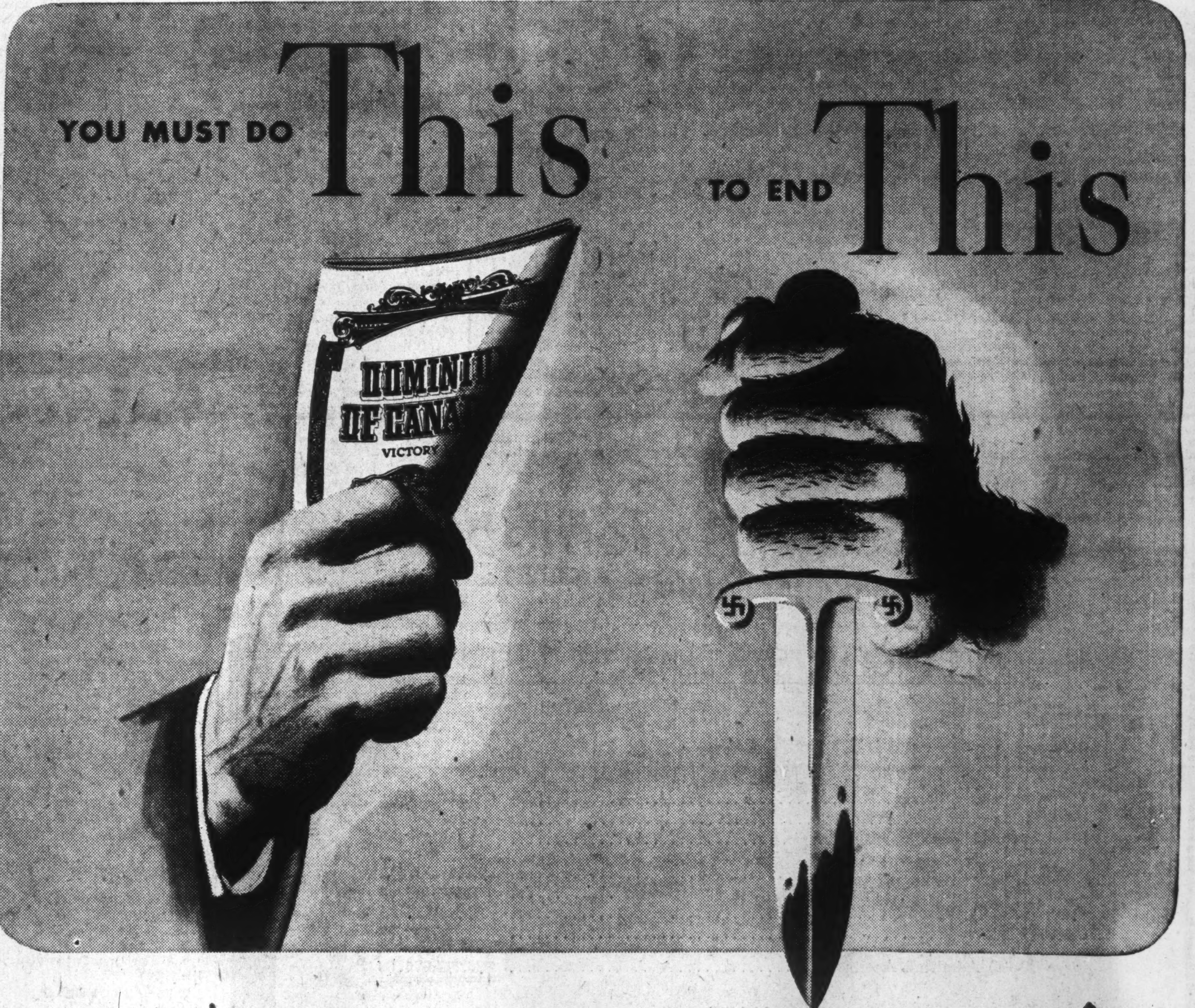
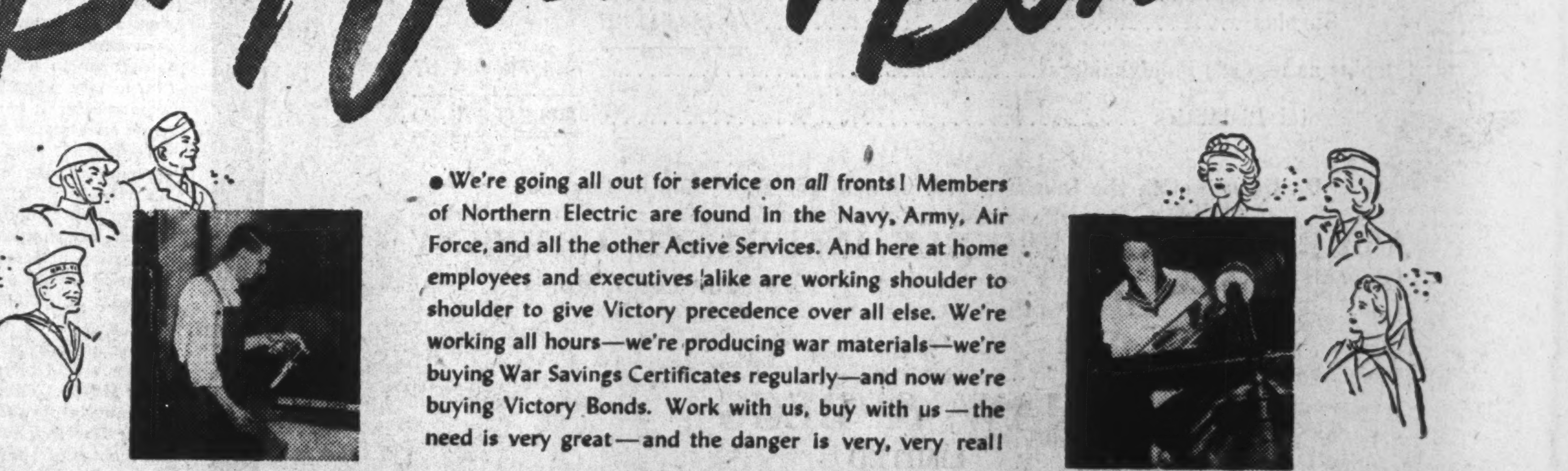


Buy Victory Bonds!



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How They Put Over the Loan

Two Firms That Got Excellent Results

To strike on an iron well heated by detailed organization is the formula for success in putting over the Victory Loan among the employees of large Canadian industrial plants. Two typical firms are Massey-Harris Co. whose employees subscribed $208,000 or 122% of their quota, and John Inglis Co. whose workers took up $768,600 or 240% of their new Victory Loan quota.

In each case the actual work of selling the bonds fell upon shoulders of the employees themselves. Massey-Harris started out by bringing together its plant foremen and Industrial Council, which is the employees' representation board. These men then picked out the individual canvassers on a basis of one canvasser for about every 25 employees. This was a considerable increase over the last Loan when there was one canvasser for every 50 or 60 employees.

Plant organizers were given instructions on the Loan and on the opening morning of the drive the entire plant was shut down and employees brought together in a great mass meeting. In a hall decorated in patriotic theme and to the accompaniment of music, James S. Duncan, president, brought home to the workers the need for their sharing in the Loan.

To Work Immediately

Immediately after the 40 minute meeting and the employees had returned to their jobs the canvassers got to work. Idea behind this procedure was to get as much of the work done while the theme of the Loan was fresh in the workers' minds and they were filled with the spirit of the enterprise.

By the following morning canvassers had completed 85% of their task. At the end of the fifth day of the campaign Mr. Duncan was able to announce to a great mass meeting that Massey-Harris could report a 100% employee subscription, that 2,400 employees had subscribed for $208,000 of the bonds, $40,000 over the objective.

Every factory, warehouse and office of the company throughout Canada exceeded its objective with latest figures on purchases made by Massey-Harris employees throughout Canada being $408,000. This does not include the $1.5 millions subscription made by the company itself.

Inglis Gets Results

Pattern followed by John Inglis Co., operators of a big Toronto gun plant, was similar to the Massey-Harris plan, achieved excellent results.

Canvassers were selected by Shop Superintendents in consultation with Foremen. A complete record was prepared of all employees whether on salary or time basis of wage payment, by groups, shifts and departments. Individual and departmental quotas were established in relation to individual earnings and number of employees in each department.

Prior to the opening of the drive the Inglis plant was decorated with Loan advertising displays while payroll stuffers of special interest to all Inglis employees were placed in every pay envelope. A letter from Major James E. Hahn, president, to each member of the organization opened the personal appeal.

In addition, dinner meetings were held at which canvassers got their instructions and prospect lists of about 15 names. In one day five mass meetings were held to reach personally every employee.

240% of Quota

This high degree of organization got fast and highly satisfactory results. At the end of the first five days of the drive Inglis employee subscriptions totalled $768,600, or 240% of the quota set by the Toronto Employee Committee. Average dollar value per subscription works out to $105. Cash subscriptions amounted to $62,400, with the balance to be provided under the Payroll Savings Plan. In addition to this, War Savings Certificate sales at Inglis are currently at the rate of $400,000 annually.

Such plants as these are replacing "Too little, too late" with "Plenty, soon."

Victory Loan Buyers

Canadian business has once again stepped solidly behind the nation's war financing. Companies which pattern a cross-section of Canada's whole economic life are pouring millions of dollars out of their treasuries to take up the new Victory Loan. The following list reported by the National War Finance Committee is for those companies which so far have subscribed for $500,000 or more of the bonds and have allowed that fact to be released for publication. Some companies request no publication.

Subscriptions $500,000 and over			
Alta. Govt. (Trust Funds)	$1,000,000	Lever Bros.	1,000,000
Alta. Workmen's Comp. Bd	1,000,000	City of London, Ont.	600,000
Asbestos Corp. Ltd.	500,000	London Life Ins'ance Co.	12,000,000
Bell Telephone Co. of Can.	1,500,000	Massey-Harris Co.	1,500,000
Henry Birks & Sons	500,000	Montreal Life Insance Co.	500,000
Bralorne Mines Ltd.	500,000	Montreal L. H. & P. Consol.	2,500,000
British Columbia Tel. Co.	1,000,000	Montreal Tramways Co.	500,000
Britannia Min. & Smelt.	1,000,000	Moore Corpn. Ltd.	1,000,000
Canada Cement Co.	2,000,000	Mutual Life Assce. Co.	15,000,000
Canada Packers Ltd.	2,000,000	McColl-Frontenac Oil Co.	1,250,000
Canadian Celanese	1,000,000	Natl. Life Assce. Co. Can.	500,000
Canadian Cottons Ltd.	1,000,000	Ontario Paper Company	3,000,000
Candn. Fairbanks-Morse	500,000	Pacific Mills Ltd.	500,000
Canadian National Rlwy.	2,531,000	Page-Hersey Tubes, Ltd.	1,250,000
Canadian Industries Ltd.	2,500,000	Powell River Co.	1,000,000
Candn. Order of Foresters	750,000	Price Brothers & Co.	500,000
Consolidated Min. Smelt.	3,000,000	Robin Hood Mills, Ltd.	500,000
Credit Fonc. Franco-Can.	500,000	Royal Trust Co.	1,000,000
Dome Mines Ltd.	1,000,000	Salada Tea Co.	500,000
Dom. Fndrs & Steel Ltd.	1,000,000	Shell Oil Co. of Canada	1,000,000
Dom. Oilcloth & Linoleum	1,000,000	Robt. Simpson Co.	1,250,000
Dom. Tar & Chemical Co.	1,000,000	Shawinigan Water, Power	2,000,000
Dom. Steel & Coal Corp.	1,250,000	The N.A. Timmins Corp.	750,000
T. Eaton Co.	3,500,000	Toronto Elect. Com. Fund	1,500,000
Empire Life Insurance Co.	500,000	City of Toronto Sink. Fund	1,500,000
Falconbridge Nickel Mines	1,500,000	Unemployment Ins. Com.	10,000,000
Great-West Life Assce. Co.	10,000,000	United Corporations Ltd.	750,000
Hudson Bay Min. & Smelt.	2,500,000	Winnipeg Electric Co.	500,000
Hudson's Bay Co.	1,000,000	F. W. Woolworth & Co.	750,000
Hydro-Elect Power Com.	2,000,000	Zellers Ltd.	500,000
Huron & Erie Mort. Corp.	750,000	Canadian Pacific Rly.	10,000,000
Imperial Oil Ltd.	5,000,000	North Amer. Life Assur.	500,000
Intl. Harvester Co. of Can.	1,500,000	Abitibi Power and Paper	3,000,000
Investors' Syndicate Minn.	550,000	Can. West'n Lumber Co.'s	500,000
Lamaque Mining Co. Ltd.	600,000	H. R. MacMillan Ex. Co.'s	500,000

Significant Investors' Index Numbers

No. of Securities	Mach. and equip. 6	Pulp and paper 7	Mill. ing 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg. mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's. 95
(Base 1935-39=100)												
1929-40:*												
High	345.7	564.5	322.3	212.5	168.2	123.2	163.1	202.1	297.5	160.9	329.3	180.9
Low	68.5	49.8	63.6	46.5	76.0	76.9	67.0	71.2	68.2	84.6	68.4	64.0
1941: Monthly Figures:												
Jan.	77.6	74.1	72.1	51.6	110.6	96.3	104.3	84.0	75.4	94.7	77.3	71.3
Feb.	72.9	63.5	69.5	48.7	105.0	90.1	96.6	77.3	68.8	90.9	71.3	[illegible]
Mar.	73.6	65.4	69.5	49.5	103.1	87.9	93.7	78.5	67.0	89.9	70.7	66.8
Apr.	73.2	63.9	68.6	49.4	101.3	88.6	88.1	77.8	62.2	89.7	68.2	65.8
May	71.8	59.7	63.4	51.3	97.4	86.6	82.8	74.4	60.3	88.3	65.2	63.9
June	72.0	59.5	67.5	48.0	101.1	90.1	87.3	74.9	62.0	89.0	67.1	64.0
July	76.3	66.1	67.5	48.4	105.7	90.5	94.3	77.8	65.3	89.7	70.6	67.5
Aug.	76.8	70.2	72.4	49.1	106.3	91.8	95.7	79.7	64.4	89.7	71.2	67.8
Sept.	80.5	78.5	75.1	51.3	108.4	93.3	102.4	82.4	68.8	91.2	74.7	71.0
Oct.	78.3	75.5	74.5	51.2	105.7	91.9	98.7	78.9	67.2	90.8	72.5	69.1
Nov.	78.2	76.4	74.9	52.9	110.6	91.0	102.6	77.8	65.5	91.7	71.1	68.8
Dec.	75.5	72.9	72.2	49.0	110.4	91.4	104.8	75.5	63.0	90.5	68.7	67.2
Weekly Figures: 1942:												
Jan. 2	74.5	71.5	72.4	48.5	110.4	91.6	106.1	75.1	64.0	90.3	69.9	68.2
Jan. 8	73.3	73.1	75.7	46.7	113.5	91.5	102.1	75.5	63.8	90.9	69.6	67.1
Jan. 15	74.8	72.6	75.3	46.5	112.7	89.5	99.0	74.8	63.8	90.9	70.3	67.0
Jan. 22	74.2	72.5	74.6	44.9	112.2	87.2	98.1	75.3	65.2	91.3	70.9	66.4
Jan. 29	74.5	68.9	72.3	45.4	112.6	86.3	97.4	74.6	64.9	91.1	70.7	66.5
Feb. 5	75.0	72.8	69.3	44.8	110.0	88.0	97.3	74.5	64.4	91.5	70.3	66.6
Feb. 12	74.6	69.4	68.3	44.4	109.4	87.5	96.6	73.4	62.6	91.2	68.1	65.3
Feb. 19	72.5	67.8	70.6	42.8	108.2	84.2	94.9	73.5	60.2	91.1	65.5	63.4

*High and low for years from 1929 to 1940 inclusive are based on weekly figures issued by Dominion Bureau of Statistics. For 1929 to 1938 inclusive the base is 1926=100; for 1939 and subsequent years the base is 1935-39=100.

Toronto Stock Exchange Index

	20 Indust.	20 Golds	10 B.M.	15 W.O.
Feb. 24	84.66	72.43	65.92	17.72
Feb. 23	84.35	72.17	65.48	17.50
Feb. 21	84.44	71.40	65.25	17.50
Feb. 20	84.47	71.30	65.05	17.65
Feb. 19	84.90	71.24	65.54	17.64
Feb. 18	85.23	70.13	65.74	17.49
Month ago	89.14	81.42	69.40	18.58
Year ago	90.48	96.88	62.71	18.99
High, 1942	93.50	83.71	71.01	18.86
Low 1942	84.11	70.04	65.05	17.49

Montreal Stock Exchange Averages

	10 Util	20 Ind.	30 Chd.	10 Pprs.	15 Golds
Feb. 24	40.4	56.8	51.4	69.20	44.57
Feb. 23	40.3	56.8	51.3	68.50	44.97
Feb. 21	40.5	56.6	51.4	68.50	43.60
Feb. 20	40.7	57.1	51.7	68.61	44.11
Feb. 19	40.5	57.2	51.6	68.50	44.11
Feb. 18	40.8	57.5	51.9	68.50	44.45
Month ago	43.4	60.3	54.7	74.42	53.23
Year ago	40.5	55.4	56.4	61.55	76.40
High 1942	43.6	60.5	54.7	77.18	54.82
Low 1942	40.3	56.8	51.3	68.50	43.60

GIVE WINGS TO DUPLICATING WITH SCRIPT MIMEO BOND

Fly through your next duplicating job on the wings of Script Mimeo Bond. This fuzz-free duplicating stock assures a cleaner, faster, more trouble-free run on any duplicator.

Made by Provincial Paper Limited, Script Mimeo Bond comes in white, blue, buff, green and pink . . . at leading dealers across Canada.

SCRIPT MIMEO Bond

Gas Shortage Hits Windsor War Plants

Cold Weather Cuts Supply; Remedial Steps to Be Taken This Summer

Important war industries in the Windsor area were brought to a halt last week-end as a sudden drop in temperature brought a natural gas shortage. Served by Union Gas Co., a large part of the domestic heating in this area is done through natural gas and when cold weather occurs this demand increases very sharply.

By Thursday afternoon Feb. 19, the shortage had become so evident that Union Gas advised its industrial consumers to start cutting down. On Friday and Saturday the company's industrial consumers in Windsor had to shut down. This left idle about 6,000 men in the Ford Motor plant, over 1,000 at the Chrysler Corp. plant and over 400 at Gotfredson.

By Sunday afternoon the situation had eased sufficiently to allow Union Gas to advise its war working customers they could start to resume operations. Another day or two was necessary before non-war industries could get back to work. Domestic consumers were carried on in Windsor throughout the shortage as technical difficulties prevented diversion of this gas to industrial uses.

In London and Chatham war industries were carried on but non-war industries had to close during the week end while domestic consumers suffered somewhat from low pressure.

Taking Steps

Not much can be done to help the gas supply situation in the Windsor area for the balance of this winter but steps are being taken to improve the position before another winter rolls around.

Union Gas is building a million dollar plant at Sarnia to reform still or refinery gas which will be cleansed and stored away in partially depleted gas fields. In winter this gas will be piped out into the system's ordinary channels. It is expected the plant will be completed by late summer or early fall.

It is also seen as likely that steps will be taken this summer to reduce in some way the domestic consumption of natural gas in this area.

WHICH BOND?

BUY VICTORY BONDS

Canada's Largest Distillers Serve the United Nations

IN TIMES OF PEACE, few of us realize that we daily use and cherish countless things, the fabrication of which depends upon industrial alcohol. In times of war, many of us are likewise unaware that industrial alcohol is an indispensable ingredient in the production of everything from munitions to medicine, plastics to fabrikoid . . . helping to make the powder and shells, guns, tanks, 'planes, destroyers and battleships needed by our armed forces.

Owning, in the United States, the largest distillery in the world, as well as the most modern one in Great Britain, and being the foremost distillers in Canada, Hiram Walker-Gooderham & Worts, Limited, are privileged to be able to devote their energy and their century-old experience in the service of the UNITED NATIONS, by contributing to the supplies of the "WAR ALCOHOL" so necessary and vital in the manufacture of munitions and war implements.

Hiram Walker-Gooderham & Worts' vast plants in Canada and the United States, geared for war production, are proud to serve the UNITED NATIONS until the achievement of ultimate victory.

HIRAM WALKER - GOODERHAM & WORTS LIMITED

DISTILLERIES

CANADA SCOTLAND U. S. A.

John A. Lang Pays Extra of 30 Cents

John A. Lang & Sons Ltd. has declared an extra dividend of 30 cents a share, in respect of 1941 earnings, along with the regular quarterly of 17½ cents. Both dividends are payable April 1 to record March 15. An extra of 12½ cents was paid a year ago.

Annandale Apts. Outlook Brightens

As of the end of 1941, outlook for the 6½% bondholders of Annandale Court Apartments is better than it has ever been, states London and Western Trusts Co.

In 1941 receipts totalled $25,915 against $24,283 in 1940. Total disbursements including mortgage payments were $17,366 leaving an excess of receipts over disbursements of $8,549 against $5,181 a year ago.

Government rental control has limited the maximum gross return from 100% occupancy to $26,376 but loss through vacancy has been greatly decreased.

Cockshutt Plow Co. prospects for 1942 were excellent until the government restrictions on farm implements were announced, according to Hon. Henry Cockshutt, chairman, at the recent annual meeting. These regulations limit the company's output of products concerned to 80% of its 1940 business. War material orders have increased, but difficulties are anticipated due to scarcity of raw materials and need to adopt substitutes.

Power shortage for Montreal is not now in prospect, according to John S. Norris, president of Montreal Light Heat & Power Consolidated.

H. Simon & Sons, cigar manufacturers, has a successful year in prospect, according to a statement made by Arthur Simon at the annual meeting. Sales in January and February, he said, showed increases over the last year. New export business has been developed, he added, and tobacco supplies on hand are sufficient for the present.

Hamilton Cotton Co. has eliminated arrears of dividends on its preference stock by declaration of an extra of $2 a share payable Apr. 1, 1942, to shareholders of record March 14. The regular quarterly payment of 50 cents a share is being made on the same date. The April 1 payment makes $3.75 a share of arrears this company has paid in the past year.

CANADIAN GENERAL INSURANCE COMPANY

BALANCE SHEET, as at 31st December, 1941

ASSETS

Cash on hand and in banks		$ 160,033.56
Investments at market values authorized by the Department of Insurance of the Dominion of Canada—		
Bonds and debentures	$1,499,115.66	
Stocks	241,173.00	
	$1,740,288.66	
Mortgages	13,206.85	
	$1,753,495.51	
Interest accrued	14,680.00	1,768,175.51
Agents' balances and premiums uncollected (net)		174,129.25
Owing by other insurance companies		15,383.79
Sundry assets		1,121.38
		$2,127,843.49

LIABILITIES

Reserve of unearned premiums at 80%		$574,583.42	
Special reserve for guarantee bonds		23,500.00	$ 598,083.42
Provision for unpaid claims (including $15,000 reserve for unreported claims)		$285,884.60	
Agents' credit balances (net)		2,443.61	
Reinsurance premiums due and unpaid		29,417.23	
Reserve for taxes		116,500.78	
Accounts payable and accrued expenses		15,631.16	
Reserve for unlicensed reinsurance		23,900.00	473,777.38
Reserve for contingencies			25,000.00
Capital:			
Authorized 10,000 shares of $100 each	$1,000,000		
Issued and fully paid 5,000 shares of $100 each		$500,000.00	
Surplus—being premium on capital less reserve for investments and profit and loss account		530,982.69	1,030,982.69
			$2,127,843.49

G. LARRATT SMITH
President.

C. SYKES
Secretary and Treasurer.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the balance sheet of Canadian General Insurance Company as at 31st December 1941 and of the statements of profit and loss and surplus for the year ended on that date. In connection therewith we examined or tested accounting records of the company and obtained all the information and explanations we required from its officers and employees; we also made a general review of the accounting methods and of the operating and income accounts for the year and of the report of the company's internal auditor on his examination but we did not make a detailed audit of the year's transactions.

The profit and loss account gives effect to an agreement with Toronto General Insurance Company for the pooling of underwriting income and expenses from 1st January 1941.

We report that in our opinion the above balance sheet and related statements of profit and loss and surplus have been drawn up so as to exhibit a true and correct view of the state of the company's affairs as at 31st December 1941 and of the results of its operations for the year according to the best of our information and the explanations given us and as shown by the books.

Toronto, Canada.
7th February 1942.

CLARKSON, GORDON, DILWORTH & NASH,
Chartered Accountants.

1941 HIGHLIGHTS

Assets—Increase over December 31st, 1940	$193,519.
Surplus to Policyholders—Increase over December 31st, 1940	69,344.
Unearned Premium Reserve—Increase over December 31st, 1940	43,772.
Written Premiums—Net—Increase over 1940	46,446.

Dividend declared—5%—payable March 31st, 1942, to shareholders of record March 15th, 1942.

85 RICHMOND ST. W., TORONTO, CANADA

TORONTO GENERAL INSURANCE COMPANY

BALANCE SHEET, as at 31st December, 1941

ASSETS

Cash on hand and in banks		$ 134,226.43
Investments, at market values authorized by the Department of Insurance of the Dominion of Canada:		
Bonds and debentures	$1,179,384.59	
Stocks	207,785.00	
	$1,387,169.59	
Mortgages	34,796.65	
	$1,421,966.24	
Interest accrued	10,706.23	1,432,672.47
Agents' balances and premiums uncollected (net)		89,512.56
Owing by other insurance companies		980.47
Sundry accounts receivable		1,687.40
		$1,659,079.33

LIABILITIES

Reserve of unearned premiums at 80%	$470,113.70	
Special reserve for guarantee bonds	19,200.00	$ 489,313.70
Provision for unpaid claims (including $15,000 reserve for unreported claims)	$253,981.16	
Agents' credit balances (net)	2,746.53	
Reinsurance premiums due and unpaid	9,436.33	
Reserve for taxes	41,847.24	
Accounts payable and accrued expenses	17,352.44	
Reserve for unlicensed reinsurance	18,500.00	343,863.60
Reserve for contingencies		25,000.00
Capital:		
Authorized—200,000 shares of $3 each		
Issued—94,797 shares of $3 each	$284,391.00	
Surplus—including capital surplus	516,511.03	800,902.03
		$1,659,079.33

G. LARRATT SMITH
President.

C. SYKES
Secretary and Treasurer.

AUDITORS' REPORT TO THE SHAREHOLDERS

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The profit and loss account gives effect to an agreement with Canadian General Insurance Company for the pooling of underwriting income and expenses from 1st January 1941.

We report that, in our opinion, the above balance sheet and related statements of profit and loss and surplus have been drawn up so as to exhibit a true and correct view of the state of the company's affairs at 31st December 1941 and of the results of its operations for the year according to the best of our information and the explanations given us and as shown by the books.

Toronto, Canada
5th February 1942

CLARKSON, GORDON, DILWORTH & NASH,
Chartered Accountants.

1941 HIGHLIGHTS

Assets—Increase over December 31st, 1940	$187,629.
Surplus to Policyholders—Increase over December 31st, 1940	22,668.
Unearned Premium Reserve—Increase over December 31st, 1940	110,070.
Written Premiums—Net—Increase over 1940	244,852.

Dividend declared — 25c per share — payable March 31st, 1942, to shareholders of record March 15th, 1942.

85 RICHMOND ST. W., TORONTO, CANADA

Grain Men Biggest Bank Borrowers

This Group Plus Seed Merchants Lead Manufacturers

Grain dealers and seed merchants as a group are the largest borrowers from the Canadian chartered banks.

They are followed at a moderate distance by manufacturers of other than wood products who in turn are followed by merchandising establishments.

The borrowing of the different groups is shown in a breakdown of loans by the chartered banks to the Minister of Finance as at Oct. 31, last. This report is the only indication available of the proportion of borrowing by the different groups of the Canadian people.

According to the tabulation of the loan figures, total loans on Oct. 31, were $1,275 millions, an increase of $90 millions from the previous year.

The expansion has been generally attributed to two main factors: the expansion of business and industry due to the war, and the large wheat crop harvested in 1940 much of which is still in the elevators and financed by the banks.

Wheat Loans a Factor

These wheat loans have undoubtedly been a powerful element in swelling the loans to grain dealers (including grain exporters) and seed dealers. The total under this head at $292 millions is up almost $57 millions from the previous year. Other loans in the agricultural group such as farmers' and fruit growers' loans and loans on cattle at $48 millions were down slightly from the previous year. One reason given for this was the better position of many farmers in the different groups making it less necessary for them to borrow from the banks. When both farmers' loans and loans to grain and seed dealers are combined under the general heading of agricultural loans the total is $340 millions against $289 millions the previous year. Bankers say that the grain loan situation since 1940 has been abnormal owing to the large crop and the heavy marketings by farmers that year. With the 1941 crop considerably below average, it is estimated that grain loans have been decreasing in recent months, the Oct. 31 figures probably representing the peak.

Under war conditions, manufacturers other than makers of wood products have been borrowing freely. The total of these loans has been less than bankers had hoped for but has nevertheless been sufficient to cause an increase of $47 millions in loans of this type. With the manufacture of civilian goods steadily declining under the pressure of war priorities, etc., the larger industrial demand for credit appears to be due entirely to the financing of raw materials and factory operations in the manufacture of war supplies.

Prices Higher

Merchants, both wholesale and retail, have been borrowing a little more freely although the increase here is relatively small at slightly under 12%. Rising commodity prices have been a factor here rather than heavy stocks, it is believed, as, owing to scarcity of many materials it has been difficult for merchants to accumulate heavy stocks of various classes of goods.

Changes in a wide range of industrial activities such as mining, fishing, public utilities and building contractors have on the whole been small. Fishing and mining loans have been slightly higher. Loans to manufacturers and dealers in lumber, pulpwood and their products, treated separately from other manufacturing loans, were slightly lower.

Call Loans Down

Reflecting the decline in the speculative markets call loans to brokers and dealers are at the lowest figures for years past. The total of $37.7 millions at Oct. 31 compares with $73.5 millions on the same date in 1937. There was a slight increase in loans to individuals against securities, probably due to the borrowing by many people to buy Victory Bonds last year.

Reflecting war economies as well as improved tax collections which have made it unnecessary for these governing bodies to borrow so heavily as in the past, loans to both provincial and municipal governments are down substantially from last year and are at the lowest levels for several years.

Comparative figures for the different classes of loans are shown in the following table:

Annual Classification of Loans in Canada

	Millions of dollars as at Oct. 31				
	1937	1938	1939	1940	1941
Provincial governments	26.4	22.8	18.5	14.6	8.9
Municipal gov. and school districts	94.2	114.5	112.2	99.6	78.1
Agriculture:					
Farmers; cattle loans; fruit raisers	57.5	56.8	57.0	53.2	47.9
Loans to grain dealers; grain exporters, seed merchants	30.8	91.7	211.4	235.9	292.4
Total agriculture	88.3	148.5	268.4	289.1	340.3
Financial:					
Call loans, etc.	73.5	62.4	51.7	39.9	37.7
Loans to specified institutions	69.0	66.9	58.8	65.3	68.3
Loans to individuals against securities	142.8	120.5	109.4	102.2	108.1
Total financial	285.3	249.8	220.0	207.3	214.1
Merchandising; wholesale and retail	129.6	133.7	134.0	139.1	155.6
Manufacturers of and dealers in forest products	62.9	75.2	56.9	45.7	44.4
Other manufacturing	156.6	138.4	135.7	198.0	245.0
Mining	6.1	8.9	6.4	5.7	7.1
Fishing; including fish packers and curers	7.7	8.7	7.0	7.3	10.7
Public utilities; including transportation	11.9	24.9	36.3	22.5	19.9
Building contractors, etc.	33.6	39.2	45.8	52.1	50.4
Churches; hospitals, etc.	16.4	19.4	19.0	17.5	16.5
Other loans	61.6	74.7	83.3	86.3	84.0
Total loans in Canada	980.6	1,058.6	1,143.5	1,184.8	1,275.1

UTILITY DIRECTOR

H. W. Molson, Montreal, has been elected a director of Montreal Light, Heat & Power Consolidated. Mr. Molson is president of Molson's Brewery and director of other concerns.

Penny Bank Savings Spent on Victory Bonds

Ontario school children are supporting Canada's war effort vigorously, according to the annual report of the Penny Bank of Ontario for 1941, recently issued.

This indicates that about $200,000 has been invested by the bank's depositors in victory bonds and war savings certificates during the past year. The figure for the two years since the war started is set at about $400,000.

The extent of the investments, it is stated, is indicated by the decline in deposits during the war period. This decline of $400,000 in ordinary times would be disconcerting. But under the circumstances it is felt to be all to the good. The whole amount is believed to have gone into war securities.

Deposits Withdrawn

In some cases the money invested was on deposit in the bank and has been withdrawn for the specific purpose of buying war securities. This is the case especially where purchase of bonds is being made. Purchase of war savings certificates is generally made by the children direct through the schools. In that case, the money does not come into the bank but is used by the children direct to buy stamps or certificates.

It is estimated that the amount of money being saved this way under war conditions exceeds that saved in normal years. Many parents are enjoying better incomes than they had in pre-war days and, accordingly, the children have more money to spend and to save. The number of schools in which the Penny Bank operates has however decreased in the last fiscal year from 531 to 525.

Buying of war bonds by the depositors in the Penny Bank has been evident ever since the first loan and the first war savings certificates were offered.

Subscriptions for bonds as a rule are for $50. But they are made willingly by the children in the entrance class and under. The children generally, it is stated, have been anxious to do their bit in financing Canada's war. By their contact with the Penny Bank, they have also developed the sense of thrift and are quite conscious of the higher rate of interest available from bonds or savings certificates than they get in the bank.

Most of the bank's branches are in Ontario, exceptions being those at Kimberley, B.C., Prince Albert, Sask., and Petitcodiac, N.B. The branches are usually operated in co-operation with local branches of the chartered banks.

The following table shows the change in deposits in recent years:

Deposits in Ontario's Penny Bank At End of Fiscal Year

1910	142,681
1915	244,009
1920	608,464
1925	787,541
1930	1,277,911
1931	1,383,000
1934	1,254,434
1936	1,298,421
1938	1,384,612
1939	1,428,225
1940	1,229,359
1941	1,050,449

Sterling Assets Rise Further

Although total assets of the Bank of Canada were practically unchanged in the week ended Feb. 18, according to the weekly statement, there was again evidence of further switching from one type of assets to another.

Holdings of sterling and United States exchange gained $10 millions while investments in short-term securities were down $13 millions from the previous week. The movement indicates the continued accumulation of sterling exchange by the bank from the Foreign Exchange Control Board and is to some extent an indication of the help the Canadian government is giving the United Kingdom in purchasing war supplies in Canada. Miscellaneous assets including cheques on hand but not yet cashed were up about $2.7 millions.

On the liability side, notes in circulation were $3 millions higher while deposits of the Dominion government and miscellaneous deposits were lower.

	Feb. 18 1942 $	Feb. 11 1942 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	486,997,351	483,507,224
Rest fund	5,585,705	5,585,705
Depos.: Dominion	26,406,372	32,839,333
Banks	207,976,559	203,106,471
Other	12,224,757	15,506,451
Total deposits	246,607,688	251,452,255
All other liabs.	5,701,965	4,559,691
Total liabs.	749,892,709	750,104,875
Assets		
In sterling & U. S.	330,293,850	320,144,192
Subsid. coin	412,102	411,812
Investments:		
Dom. gov. short	203,162,369	216,232,341
Other Dom. gov.	204,262,422	204,253,331
Total invest	407,424,791	420,485,672
Premises	1,770,213	1,771,050
All other assets	9,991,753	7,292,149
Total assets	749,892,709	750,104,875

Weekly Bank Clearings

	Feb. 19 1942 $	Change Year Ago %	Feb. 12 1942 $
Halifax	3,400,697	+11.4	3,339,603
Saint John	2,241,308	+1.8	1,845,265
Moncton	997,689	+31.5	886,222
Sherbrooke	754,811	—13.6	711,310
Quebec	4,004,045	—18.0	4,525,439
Montreal	110,325,942	+6.3	81,427,443
Ottawa	44,423,029	+22.0	53,141,890
London	2,391,032	—2.3	2,314,493
Kingston	683,731	+20.8	719,866
Peterborough	812,422	+27.2	666,599
Toronto	120,103,068	—13.0	89,936,211
Hamilton	7,681,594	+22.6	5,665,203
Kitchener	1,328,649	+34.3	1,085,050
Brantford	1,008,653	+14.6	900,044
London	2,391,932	—2.4	2,314,493
Chatham	683,173	+18.2	623,614
Windsor	3,967,046	+23.3	3,375,845
Sarnia	483,959	+15.0	348,353
Sudbury	839,434	+8.7	1,231,912
St. Catharines	1,223,979	...	1,030,981
Fort William	987,411	—7.4	971,211
Winnipeg	34,265,759	+3.3	37,335,897
Brandon	404,525	+30.0	372,441
Regina	3,154,614	—1.2	3,910,353
Moose Jaw	660,439	+1.1	597,397
Saskatoon	1,420,879	+11.7	......
Prince Albert	455,331	+39.3	437,442
Edmonton	5,361,534	+20.1	5,149,319
Calgary	6,004,347	+9.1	6,213,938
Lethbridge	575,273	+26.0	671,431
Medicine Hat	292,559	+15.9	299,304
N. W'minster	786,987	+11.6	821,312
Vancouver	15,349,747	—11.9	15,565,458
Victoria	1,985,569	+18.3	1,593,039

IMPERIAL · BANK · OF · CANADA

SECOND VICTORY LOAN

- This is no time for waste or extravagance, be it of effort, materials or money. This is wartime, a time for economy. And there is no substitute for economy.

Money is needed for war purposes and money must be found. It cannot be spent in the normal channels and in the war effort, too. It is a time for sacrifice, for economizing, for saving.

Save... save all you can, and put your dollars to work. Buy Victory Bonds and pay for them out of savings as you go along.

Important — Safe keeping provided for Victory Bonds — including servicing interest coupons — 25c per annum up to $250.00. Larger amounts to $10,000.00 charge One-tenth of one percent per annum.

IMPERIAL BANK OF CANADA

Leave Her More than just Your Photograph

YOU and Imperial Life can arrange *now* to keep your widow in comfort

$16,050 from a $5000 policy

In January, a few years ago, Mr. F., age 39, bought a $5000 family income policy with a 20-year income period. Nineteen months later, in July, he died. His wife is guaranteed: (a) 221 monthly payments of $50, (b) a final cash payment of $5000. Total $16,050.

Mrs. F. is guaranteed a monthly income until her three young children are grown up. Then she will receive $5000—in cash or as an income, as she may prefer.

SWEET memories can never compensate those who are left behind for the hardships and humiliations of poverty that must be endured when "there's no insurance."

But today, many bereaved families are living free from money worries, because a loving husband and father arranged to perpetuate his income through Imperial Life.

The question for you to decide is: Will you make a slight *voluntary sacrifice now* in order that your widow and your children may not be called upon to make *forced sacrifices then?*

See the Imperial Life representative today. Your decision will bring you the peace of mind of those who protect their loved ones against future money hazards.

LET US SEND YOU THIS BOOK
The title is: "*How People Use Life Insurance.*" You'll find it very helpful. It is free. Write Imperial Life Assurance Co., 20 Victoria Street, Toronto, Ont.

IMPERIAL LIFE

Has Half Year Loss

Richmond Building Ltd. in the six months ended Dec. 31, 1941, had total receipts of $19,676. Disbursements including $3,275 as interest on the 7% first mortgage bonds due 1947 amounted to $21,313, leaving an operating deficit for the period of $1,637. Surplus carried forward was reduced to $3,869.

"THE WINGED VICTORY," carved by unknown hands twenty-two centuries ago, was erected by the Athenians on the Island of Samothrace, to commemorate a victory over a ruthless enemy who sought to degrade and enslave. Today, as in ages past, this figure, whose majesty barbaric hands and time itself failed to destroy, symbolizes to freedom-loving men the fulfillment of this same ideal.

LEND WINGS TO VICTORY... with unshaken faith in its attainment, sooner or later, but with a profound conviction that the sooner or later depends on the measure of effort put forth by each and all who hold freedom dear. Thompson Products, Ltd.

Manufacturers of aircraft engine and airplane parts; and of original and replacement parts for the automotive industry. *Factory:* St. Catharines, Ontario. *Other Plants:* Cleveland, Detroit, Los Angeles.

VICTORY LOAN 1942

This week, The Financial Post question is —

Do You Think the Senate Could be Made More Useful? If So, How?

John T. Haig, K.C.

New president of Universal Life Assurance Co., Winnipeg, and a member of the Canadian Senate since 1935.

In wartime government acts as a dictator and therefore there is no legislation for parliament except supply. Senate duty in peacetime is threefold:

1. To revise legislation.
2. To prevent hasty legislation.
3. To represent minorities.

I firmly believe parliament should interfere as little as possible with the conduct of war. The Senate should take the place of a lot of highly priced men on commissions and especially study post war problems and make reports to government thereon. Senate studies should include:

1. Commission on occupations for returned men and war industry employees.
2. Farm rehabilitation.
3. Public works, roads, St. Lawrence Waterway.
4. Farming as occupation for returned men.
5. What Canada could offer in raw materials to world trade after war.
6. Problem of unemployment.
7. Problem of world trade after war.

Hon. W. A. Buchanan,

Editor and publisher of the Lethbridge Herald, member of Canadian Senate since 1925.

Government legislation not of a politically controversial nature such as amendments to Insurance and Companies Acts and many agricultural measures might always be introduced in the Senate instead of the Commons. It would relieve time of the Commons, expedite business.

At present nearly all legislation is initiated in the Commons. The Senate is also equipped with experienced men capable of inquiring through special committees into vital matters affecting agriculture, industry, labor and post war problems, gathering material and offering suggestions that should be helpful to junior as well as senior governments. The public is unaware that much of the Senate's important work is done in committee, checking over and often times improving legislation coming to it from the Commons.

M. J. Coldwell,

Member of Parliament for Rosetown-Biggar, Saskatchewan, and leader of the C.C.F. party in the House of Commons.

Obviously the Canadian Senate performs no useful function except hearing divorce applications from the province of Quebec which could be done more properly by a judicial body. In recent years the Senate seats have been mainly regarded as rewards for partisan political services. I believe it should be abolished; revision or reconsideration of legislation presumed to be a function of Senate could be undertaken by a non-partisan committee consisting of the ablest members of Commons with right to refer back but without veto power. There is no place in a democratic state for an appointed Senate with power to amend or defeat House of Commons decisions. The British House of Lords has no final veto power. I could not suggest any manner in which the Canadian Senate could be made useful.

J. MacDonald,

Editor, the Glace Bay, Nova Scotia, Gazette.

I would suggest the Senate insist on its constitutional rights and function in its traditional manner keeping a sharp watch on proceedings but standing solidly behind the government in all legitimate war procedure. Leading members might take ministerial posts or become more closely connected with the Cabinet in some way. Party lines might be ignored on questions affecting the war effort. Members are in a position to act independently, collectively and individually, and might take advantage of that privilege to strengthen the government in its prosecution of the war or to criticise as the case might be.

John L. MacDougall

Assistant professor of economics and political science, Queen's University, Kingston, Ont.

At present the House of Commons is much too busy to explore the consequences of the policies which it adopts under the pressure of events. The Senate has the time for that crucially important task.

It should become a standing Royal Commission to examine in special committees the major aspects of national policies. It has already demonstrated its capacity to do this and do it well.

Let it expand in that direction making full use of paid assistance as do the United States Senate committees. Isn't that the national service for which its members are specially fitted?

Alexander Brady

Professor of political economy, University of Toronto, and author of studies on political questions.

The Senate could be made more useful; first, if it was organized into more committees to investigate matters of public policy which require careful investigation, and they are legion. Such committees should freely call expert witnesses from outside parliament and their reports should be given publicity.

Secondly, if more legislation was initiated in the Senate rather than in the House of Commons, and that now depends upon the decision of the government.

Thirdly, if an age limit was imposed, say 70 years. The Senate should not be, as at present, a chamber to which men retire for the remainder of their lives, for such a chamber can be neither efficient nor respected.

R. A. MacKay

Professor of Government and Political Science, Dalhousie University, Halifax, Nova Scotia and author of "The Unreformed Senate of Canada."

I see no hope of improving usefulness of Senate in view of the failure of past attempts. The real weakness is not quality of personnell but the fact that the Senate is out of line with democratic institutions. Our system of government places full responsibility for administration and policy on the Cabinet. The function of parliament has become little more than criticism and since the Senate is not elected its criticisms can be largely ignored by Cabinet whereas attention must be paid to that of House of Commons because of the next election.

Australian experience indicates the election of a Senate would complicate the working of the Cabinet system. Our Senate has the merit of being relatively harmless.

J. F. Pouliot,

Member of Parliament for Témiscouata constituency, Quebec.

Some years ago the late Senator Charles Murphy compiled data showing the amount of money the Senate had saved but said nothing about its cost.

So long as Government Leader Dandurand and Sir Allen Aylesworth are there it is worth keeping it. To make it more useful Senate vacancies should be filled by men of same calibre if they could be found. A tough job for the Diogenes of our times.

Thanks, Mr. O'Leary

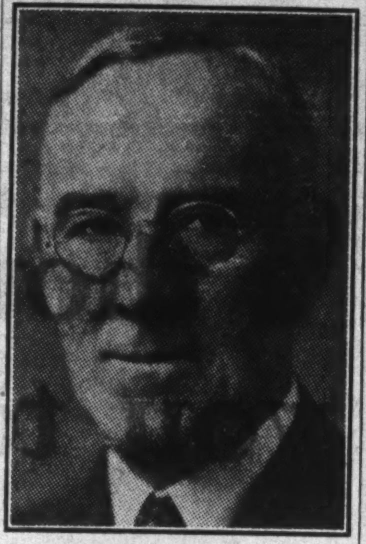
Grattan O'Leary, Ottawa Journal, replied to The Financial Post's wire in his own paper's editorial column. Herewith is reproduced part of his editorial.

A senatorship isn't a job; it's a title. Also it's a blessing, a stroke of good fate; something like drawing a royal straight flush in the biggest pot of the evening, or winning the Calcutta Sweep. That's why we think it wrong to think of a senatorship as a job; and wrong to think of the Senate as a place where people are supposed to work. Pensions aren't given for work.

And that's the reason, too, why we think senatorships should be spread around; made into a sort of "share-the-senatorships" idea. We wouldn't have any senator hold his place for more than five years. After that we'd have him vacate the premises, the heartbreak notwithstanding, and give joy to some other fellow for five years, after which he'd have heartbreak, too. In that way, nearly all of us would have a senatorship to look forward to, something that would cultivate the admirable quality of hope. Also, the Senate would always be fresh, be full of new brooms sweeping it clean.

With a man in the Senate for not more than five years—we might even compromise and make it ten—he would have just enough time to become useful and not enough time to become useless. The Senate would be on its toes. We'd have the Prime Minister appoint half of them, and the legislatures of the provinces appoint the other half, and we might have the universities nominate some of them. In that way we wouldn't have senators, who should be thinking of the hereafter, getting up and compromising their chances with it by saying that the Senate isn't partisan. We'd even have churchmen in there, and we'd have (why not?) the Chief Justice of the Supreme Court of Canada (like the Lord Chancellor of England in the Lords) and we'd have some other people we've in mind, and who are good . . . .

We hope Mr. King comes upon this piece; because he once gave a pledge to reform the Senate, and we don't want him to be coming along some day with a plebiscite to be released from it. He can have our plan for nothing, keep his word, and save the expense. Maybe it was a good thing that this newspaper wired us.



ON DOSCO BOARD

R. A. C. Henry, vice-president of Montreal Light, Heat and Power Consold., has been elected to the board of Dominion Steel and Coal Corp.

CHARTERED TRUST AND EXECUTOR COMPANY

PROFIT AND LOSS ACCOUNT
For the Year Ended December 31, 1941

Balance forward from previous year....	$ 226,963.69	
Net profit for year after deducting cost of Management, Directors' and Auditors' fees, and all other expenses, including Municipal Taxes	125,212.61	
		$ 352,176.30
Appropriated as Follows:		
Provision for Dominion and Provincial Taxes	$ 50,000.00	
Written off Office Premises, Furniture and Equipment	10,856.25	
Contribution to Staff Pension Fund..	11,789.65	
Dividends	40,000.00	
Transferred to Rest	150,000.00	
		262,645.90
Carried forward		$ 89,530.40

BALANCE SHEET, DECEMBER 31, 1941
ASSETS

Capital Account:		
Office Premises and Safety Deposit Vaults	$ 297,346.25	
Real Estate held for sale	52,687.47	
Mortgages—Principal	206,575.17	
Interest due and accrued	2,820.91	
Loans on Collateral Securities	156,333.38	
Bonds, Debentures and Accrued Interest	453,426.08	
Stocks	94,124.63	
Cash on Hand and in Bank	99,461.60	
Advances to Trusts, Estates and Agencies	49,146.77	
Accounts Receivable	22,294.90	
Other Assets	5,578.85	
		$ 1,439,796.01
Guaranteed Trust Account:		
Mortgages—Principal	$ 569,024.70	
Interest due and accrued	6,823.96	
Bonds, Debentures and Accrued Interest	2,710,275.29	
Loans on Collateral Securities	551,727.93	
Cash on Hand and in Banks	1,338,730.18	
		5,176,582.06
Total Capital and Guaranteed Assets ...		$ 6,616,378.07

LIABILITIES

Capital Account:		
Capital Subscribed and Fully Paid ...	$1,000,000.00	
Rest	250,000.00	
Dividend No. 92, payable Jan. 2, 1942	10,000.00	
Accounts Payable and Accrued Items.	26,801.51	
Fees, Rents and other items paid in advance	9,192.75	
Reserve for Dominion and Provincial Taxes	54,271.35	
Balance at credit of Profit and Loss ..	89,530.40	
		$ 1,439,796.01
Guaranteed Trust Account:		
Trust Deposits	$4,199,903.80	
Funds held under Guaranteed Investment Certificates	976,678.26	
		5,176,582.06
Total Capital and Guaranteed Liabilities		$ 6,616,378.07

ESTATES, TRUSTS AND AGENCIES

Cash, Securities and other Properties held for Estates, Trusts and Agencies	$21,462,973.80

"Madam's Guinea Gold, Ethel!"

OGDEN'S

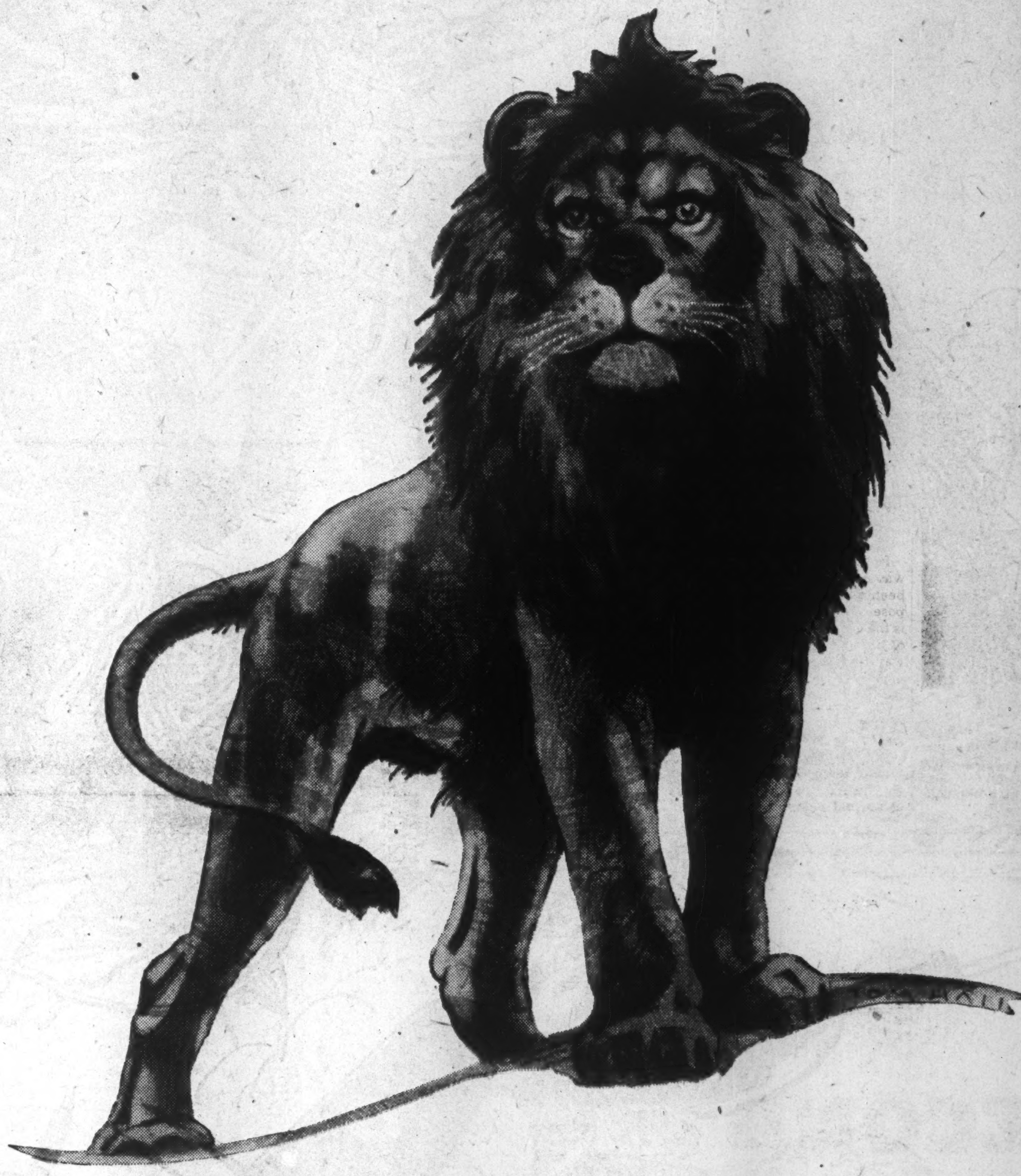
Guinea Gold

CORK TIP CIGARETTES

ALSO PLAIN ENDS

22 for 25¢

"GOOD AS GOLD AND MILD TOO!"



" Some Chicken . . .
Some Neck . . ."

Let Churchill's proud and ringing words inspire you as they have inspired the Empire. Let them glow in a defiant heart. Let them stir in you a pride that will send you out looking for the nearest place at which to buy Victory Bonds.

Like the lion, majestic and unafraid, let us go into action.

Let us lend to Canada, that Canada may protect us in all we hold dear. Total war demands total effort. That all-out effort demands self-denial on the part of each one of us.

Let us all fight shoulder to shoulder and we shall never be chained back to back. *Buy Victory Bonds today!*

House of Seagram

PUBLISHED BY THE HOUSE OF SEAGRAM IN THE INTERESTS OF THE SECOND VICTORY LOAN

The heroes of a thousand years
are calling you today . . .
Let us then address ourselves to our task, not in any way underrating its tremendous difficulties and perils, but in good heart and sober confidence, resolved that whatever the cost, whatever the suffering, we shall stand by one another, true and faithful comrades, and do our duty, God helping us, to the end.
. . . Prime Minister Churchill, in the House of Commons, Ottawa.
Buy THE NEW VICTORY BONDS
CANADIAN OIL COMPANIES, LIMITED
Refiners of
WHITE ROSE
PETROLEUM PRODUCTS

THE FINANCIAL POST

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Canada's War Production on Parade

February Survey: Fighting Vehicles — Oil — Rubber

Three Leaders

. . . in Peace
. . . in War

Three Great Industries Had What Was Needed for Fast Conversion to a Big War Effort—They Patterned North American Way of Life — They Now Chart Some Of Its Basic Changes.

By A. D. ELLWOOD

No three industries are more closely linked with the daily lives of Canadians than the big three of automobile transport—motors, petroleum and rubber.

About 172,000 Canadians gain their livelihood from these industries. Their families and dependents bring the total up to around 700,000 individuals. Their combined labors have made possible the production and operation of over 1.2 million passenger cars registered in Canada.

Beyond the scope of cold figures is the significance of the big three to the pattern of Canadian industry and life. In the past two decades no field of Canadian production has been untouched by the automobile. It has become the symbol of the human welfare to which democratic economics has been devoted, a symbol of the frustrated hopes of enslaved Europe.

Yet no group of industries has more rapidly, more smoothly or more completely made the shift to war production.

After the fall of France the three arms of the automobile industry were immediately prepared to take up the challenge of the increased production burden on Canadian industry. New tools and dies were installed by the motor producers, new tire shapes, molds and techniques instituted by the rubber companies, new requirements for fuels and lubricants had to be met by the petroleum engineers.

But so smoothly did the whole changeover take place that few Canadians were aware of its extent.

Only with last summer's restrictions on gasoline sales did it begin to dawn that something of a revolution in the Canadian wartime way of life was taking place. Even then, the restrictions were mild, were for the most part removed in the fall. It was easy to believe that motoring, and the industries which made it possible would go on pretty much as before.

But a few short weeks of war in the Pacific has served to drive home to all of us just how dependent we were on the products of these three industries. It has brought a threat to the livelihood of thousands of Canadians who make the rubber products. It has brought Canada's 31,000 retail gasoline outlet operators face to face with the problem of survival. It has brought the near certainty that within a short time many of the innumerable domestic and personal products made from rubber will disappear.

Statistics make dry reading and in any case up-to-date statistics of this phase of the rubber, automobile and petroleum industries are lacking. But it appears that at the end of 1941 probably about 47,000 workers were employed directly by the rubber manufacturers, the motor car makers and the petroleum refiners and distributors. The satellite industries that keep Canada's million and a half passenger cars and trucks rolling probably account for another 125,000 direct workers, bringing the total to 172,000.

Affects 700,000 Persons

Altogether it seems reasonable to estimate that close to 700,000 Canadian men, women and children, are directly dependent on these three industries for a living.

In past years it has been a good living, probably well above the average for Canada. But what it will be in 1942 and succeeding years until this war ends may be another matter.

So far the war has brought accelerated activity to the automobile, rubber and petroleum industries. It has brought a shifting of emphasis from production for peace to production for war. In 1940, for example, there were 113,102 trucks produced in Canadian factories, including all vehicles for military use except universal carriers. It was the first time in history that truck production ever came near to equaling production of passenger automobiles. The 1940 truck production was 2½ times that of 1939, itself a year only exceeded on two previous occasions. Most surprising of all, 1940 truck production was 3,200 greater than that of passenger cars.

Ability of Canada's automobile industry to switch from peace work to war work is one of the most creditable performances on the Canadian war record. Some idea of the part played by Canada in supplying the Empire armed forces with motor transport can be gleaned from the fact that 66,047 or more than 50% of all the trucks produced in Canada were exported.

Within a month Canadian factories will have turned out the last passenger automobile for civilian use for the duration. They will have torn out peacetime assembly lines in some cases and turned to war work entirely.

How long they can continue to turn out army transport may finally be determined by how long our supply of rubber for tires lasts. There is little use making more trucks than we can produce tires for and rubber is just about our scarcest and most critical material.

Will the Rubber Stretch?

For rubber, the determining factor is going to be how long our supplies of rubber for manufacture—crude, reclaimed or synthetic—can be made to last.

How much rubber we have and how long it can be made to last are military secrets. A little reflection will reveal that there is a very definite limit to how long we can spin out our rubber supplies and this limit is likely to be startingly short.

The measures already taken to control use of crude rubber show how serious is the situation.

It can probably be accepted, that it is more likely to be shortage of tires that will force a few hundred thousand automobiles off Canadian roads than shortage of gasoline, serious though the latter may be. Gasoline and oil can be obtained in the western hemisphere in ample quantities. It is a transport question, not one of supply. The rubber supply problem offers no solution within an estimated four or five years if far eastern crude rubber supply sources are lost for that length of time.

Rubber Casualties

Already, it is understood between 30 and 40 rubber manufacturing companies have had to close up. As there were only 52 companies making rubber products in 1940, this means that 70 to 80% of the companies in the industry are out of their regular business. The impact of this change on employment in the industry will not be in the same proportion, as the larger units, the big employers, make industrial rubber products and tires and are still operating.

For the refiners of petroleum and the distributors of its products, there has probably been little real change in employment as yet. Last year saw approximately a billion gallons of gasoline sold in Canada, a record consumption in spite of curtailment efforts in effect for half the year.

For this year, there seems little reason to doubt that refineries at least will continue as active as available supplies of crude oil will allow. Enemy action will finally determine what 1942's war impact on the petroleum industry will be. In any case it seems reasonable that the five or six thousand workers directly affected by petroleum refining will be less affected than most in the coming year.

For distributors of petroleum products the outlook is bleak. Determining factor is going to be gasoline rationing, plus the length of time passenger car tires can be made to last.

The Oil Controller's office estimates that there were 31,000 gasoline retail outlets in Canada at the end of 1940. If anything, there were less at the end of 1941, some closing down and no new ones opening by government order.

One trade association head estimates that there will be from 25% to 40% fewer gasoline retail outlets operating a year from now. He bases this on the fact that a minimum of 20% and perhaps 40% cut in gasoline consumption is the aim of the Oil Controller. The margin of profit on the reduced gallonage is too small and the financial resources of most of the small businessmen who operate these stations too limited to allow them to carry on long if their supplies are cut down.

No such wholesale shifting can take place without difficulty, somewhat eased by the current heavy demand for labor in war industry and for men in the armed forces.

Distributors on the Spot

Rationing does mean a change, however, even for the 60 to 80% of the operators who manage to stay in business. If the average driver covers 4,000 miles in 1942 compared with 8,000 in 1941, he is going to need just half as many oil changes, half as many lubrications. His buying of parts and accessories, a valuable source of profit to gasoline stations, will be less. Getting these items is becoming increasingly difficult.

The station operator will only be able to replenish his gasoline supplies if he has coupons to balance. He is allowed 1% for loss through evaporation, spilling, etc., an allowance which operators claim is far too small. Great Britain permits 10% for wastage, probably an excessive amount and a factor encouraging the "black market."

How to go about directing the inevitable casualty list among gasoline retailers is a problem occupying much attention right now. The Retail Gasoline Dealers' Association wants the losses spread fairly. They feel that stations operating at a loss should go first. Where there are too many stations, such as certain city corners with a gasoline station on each corner, there should be weeding out, a recognition of the overcrowding prevalent in the business and encouraged in past years by competition.

The whole problem of what is going to happen to these three industries, particularly the service end of them, is complicated by the close interlinking that takes place.

Repair Work Profitable

An interesting development is the way in which the man who has specialized in sale and repair of used tires, the former "gyp joint" of the business, is enjoying at least temporary prosperity.

Tire companies are anxious to see their dealer organizations preserved and are stressing the service angle. As one means of this they are encouraging their dealers to offer "preservation services" to tell the motorist how to make his tires last longer. Plans have been drawn up for placing this service on a regular basis.

This story has not dealt with all angles of the impact of war on these three industries and their auxiliary sales and service businesses. It has omitted the many specialized service organizations, the machine shops which live on the automobile trade, the large middlemen who handle and supply parts for the retailer. All of these are affected.

Record speed in the switch to war production is the achievement of the motor industry. The new product may be 25 times as heavy as a passenger car.

Ten tires for one and sometimes higher is the "rate of exchange" between civilian and military rubber use. Army tires can run even when riddled with bullets.

High test gas disappeared from the corner station last year—reappeared in the tanks of training planes. Soon Canada will produce all materials for 100 octane gas.

Production On Parade

In its special report on the Canadian industrial war effort for February, The Financial Post features the swift and enormous contribution made by the Canadian motor vehicle industry, the petroleum industry, the tire and rubber industry.

This is one of a monthly series of special reports providing a regular service on the achievement of Canadian industry. A month ago, The Post reported on the Canadian airplane industry. A month hence, another phase of our industrial achievement will be featured.

How to Get 100% War Effort

Planning Body at Work on Nation-wide Scale

By Staff Writer

Now set up and operating on a coast-to-coast basis is an organization which may well bring about an important and permanent revolution in Canadian industry.

Officially, the organization is known as the Industry and Subcontract Co-ordination Branch, Department of Munitions and Supply.

To the busy industrialists, the title "Bits and Pieces" is easier and befits the down-to-earth character of the organization.

Readers of The Financial Post were introduced to this important wartime industrial development more than six months ago. In certain areas and industries, the plan has been developing over almost a year. Now, the programme is established on a national scale and with most of the trial and error stage past.

The whole concept is a dramatic one. Its ideal is to melt into one cohesive, potent unit, all Canada's machines available for war production, whether they are in a huge machine shop or gathering dust in a village garage. This is the ideal. It may not be reached, but is well worth shooting at.

The example of the garage is not far stretched. The small garage has already been utilized. The owner of one garage, employing two men and about $4,000 of machinery, is turning out parts for a 25-pounder gun. Also turning out parts for the same gun is a sizeable shop with 600 employees and $300,000 of machinery.

The small garage is making two precision parts—a pin and a bracket. The big shop is making a complicated dial sight mechanism, with 122 precision parts. Some 62 other plants, big and small, are working on the same gun order.

This is the Bits and Pieces programme, which has just got under way on a national scale. It can be visualized as an agency whose job it is to see that the great flood of war needs seeps into the smallest nooks and crannies of industry.

From many points of view this plan which is now under way is significant. From every angle it is worth taking a look at.

The whole programme has two major motives:

(1) To get as much production as fast as possible and,

(2) to make the best use of what capacity Canada has.

In achieving these two interlocking objectives, the Bit and Pieces people have half a dozen guiding principles, as follows:

To use firms already shut down because of the halt of commercial production, as long as the use of such capacity does not clash with the first motive above.

To use firms as much as possible which have had experience in producing articles somewhat similar to those required.

To use firms having the equipment and organization needed.

To use firms not already overloaded with war orders.

To obtain production in Canada rather than adding to the burdens of Britain.

To obtain the use of modern methods of production.

That is the creed of the new organization which has now, ready for business, offices in Saint John, Montreal, Toronto, Winnipeg and Vancouver. Each of these offices is staffed by duly-qualified engineers.

With its increasing experience and with the development of Canada's war programme, the ISC finds that there are now really three phases to its work. The first—plotting the lines of subcontracting—has been explained. The second is to see that new or renewal contracts are farmed out to ISC clients, the "little men" right from the start. Originally the ISC job was to locate "the little men" and try to persuade the "big men" to divide up the contracts. Now the "divvying up" is done right at the top before the prime contract is even signed in most cases.

Another phase of the developing ISC job is to keep plants busy. In many cases subcontractors who got an order three or six months ago pushed through their work to find that there were no new orders forthcoming. For instance, where the Army orders 500 guns, this to some subcontractor may mean the manufacture of 500 screws or bits of oddly shaped metal. Once tools and jigs have been set up, the order can be rapidly completed.

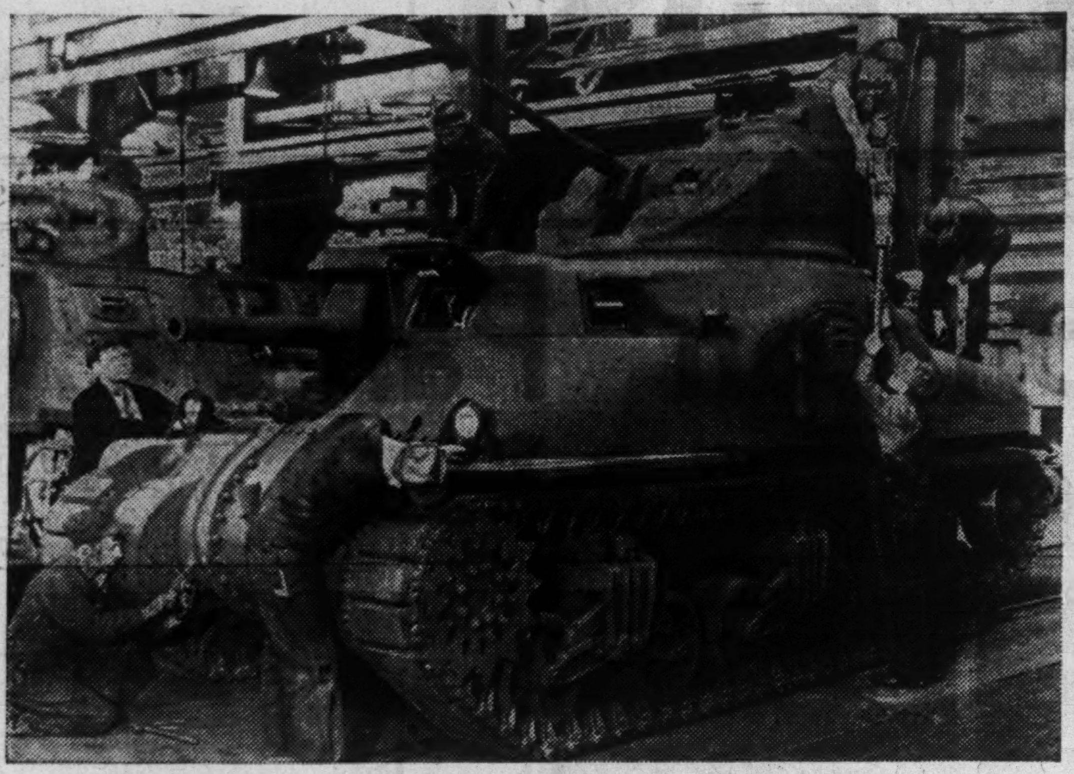
To rustle up work that will keep such subcontractors busy is the newer phase of ISC work. Hence, the new role of ISC is, first, to get people into the programme and, secondly, to line up work to keep them going.

Already, the idea of farming out subcontracts is bearing fruit in the form of faster production. The example of the 25-pounder gun factory at Sorel, P.Q., cited above got under way.

Here is another actual case. A plant working on a large government order telephoned the Department of Munitions and Supply in Ottawa that production was being held up for lack of a small hook. A special type of press was needed for this hook, and such presses weren't to be found in Canada, Ottawa was told. There were such presses in the United States but it would be a matter of five or six months before the Canadian plant could get delivery from across the border.

Ottawa called the district office of the Industry and Subcontract Co-ordination Branch and outlined the problem. The district office immediately sent one of its own engineers to the plant which had the prime contract. This engineer was armed with the information from the pool files which each district office has, showing the type of idle

(Continued on page 29, col. 3)



Here is the M-3 cruiser tank, in part Canadian-designed, which is being turned out in the shops of Montreal Locomotive Works. The cast turret is regarded as a long forward step in engineering.

Speed Tank Output

Make Two Types Here; Valentine and M-3 Cruiser

Tanks are a vital necessity in mechanized warfare. Their construction forms one of the most important phases in Canada's production of war materials and supplies.

For months past two Canadian plants have been going on the manufacture of two types—Valentine and Cruiser.

Every eight hours the Angus shops of the Canadian Pacific Railway produces a Valentine. For the time being these are destined for Soviet Russia.

Only a short distance away the plant of Montreal Locomotive Works is turning out the heavily armored Cruiser tank, the production rate of which is not announced.

Between these two plants over 7,000 men are at work on tank production — 4,000 in Angus shops and the balance at Montreal locomotive.

The tank is not a product of a single plant, but rather is the co-operative effort of a large number of plants. For example there are more than 20 subcontractors on the Cruiser tank.

The Cruiser tank, known as the M3, is in part Canadian-designed and is being manufactured by Montreal Locomotive Works. This machine weighs around 28 tons and carries exceptionally heavy armament.

Its construction represents a radical departure in tank design in that it embodies a cast steel turret which is welded to the tank frame. No rivets are used as in the case of the Valentine. The rivets were eliminated as a safety measure. A direct hit on a riveted machine sometimes causes rivets to ricochet within the turret with danger to the occupants.

In addition to the cast armored-steel turret, there are many other differences compared with the Valentine—fire power, speed, etc. Cruiser tanks are powered with special-type airplane engines in contrast to the Diesel engine used in the Valentine.

Contract for the M3's was placed toward the end of October, 1940.

Within a short time a "pilot" tank was produced and turned over to the American authorities for examination, testing, etc., as much the same type of machine is being made in the United States.

$9 Millions Capital

Over $9 millions of new capital investment has been allocated to the company for manufacture and development of these tanks of which nearly one half is working capital.

Immediate steps were taken to build a new plant. It has since been finished and put into service.

Considered one of the finest industrial plants on the continent, Montreal Locomotive's new unit is 800 feet long and 400 feet wide, with over 360,000 sq. ft. of floor space on which the company has set up a production line with 250 machine tools.

The Canadian production programme calls for 1,000 of these cruiser tanks.

Start on Valentines

The Valentine tank is built to British specifications for the British Government.

They are one of the types used in Libya, weighing about 20 tons and having a speed of around 20 miles an hour.

Their purpose is primarily for infantry co-operation in that they combine lightweight and armor protection.

Powered with Diesel engine, they use a gallon of fuel oil every two miles.

For equipment they carry machine guns, artillery and smoke bomb thrower.

Inside the turret, there is radio equipment, telescopes, periscopes and a telephone communication system.

The commander sits in the turret and fires the guns, the driver sits down in front, steering by means of telescopes and a slit in the armor.

Work was started on the construction of the Valentine tanks early in the summer of 1940. There was a preliminary delay owing to changes in design.

Once the design was "frozen," work proceeded rapidly and in a relatively short time the first tank came off the line.

These Valentine tanks are complicated in construction, requiring from 15,000 to 20,000 man-hours per machine. There are over 14,000 parts, including 200 separate pieces of armor plate.

The original contract placed by the British government called for the construction of 300 Valentine tanks at a cost of approximately $90,000 each.

At the rate of production in recent months, the order for 300 tanks will be finished soon. However Hon. C. D. Howe, Minister of Munitions and Supply has stated that production will be speeded up so that there will be no limit to the number of machines produced.

Tanks are lumbering off the production line in Canada, but to achieve that end has called for skill and ingenuity on the part of Canadian engineers and workers.

The requirements as to weight and ruggedness require that parts be made from special alloy steels, properly heat treated, which will combine great strength with light weight.

Most commercial steels ordinarily used in industry will not do. Either they are not tough enough, or if a particular part could be designed with such a steel, it would have to be so large to be sufficiently strong, that it would weigh too much.

Weight saving has an importance comparable to that in aircraft design. Too great weight in armor plate will afford protection, but make the tanks so heavy as to cut down speed and mobility. Too little armor may increase speed, but render the resisting power of the tank of little value in combat.

The service conditions under which a tank must perform would be fatal to ordinary vehicles of heavy construction.

Armor Crucial

Of special importance was the development and manufacture of armor plate up to the necessary thickness.

All these were problems to be studied and overcome when tank production was undertaken in Canada.

Admittedly some parts have to be imported, but by far the greater part of the tanks made in Canada are of Canadian materials and equipment, plus the skill of Canadian workmen.

The manufacturing ability has been supplied by the C.P.R. Angus shops in Montreal and the Montreal Locomotive Works at the same point. The armor plate is being produced by the Dominion Foundries and Steel at Hamilton. Scores of sub-contractors are contributing their share.

Today Canada's tank production programme is moving forward smoothly. The promise of tanks for Soviet Russia is being met in full and, at the same time, tanks are coming off the line in quick order to meet the needs of the Canadian Armored Division.

Tank-building Problems

There are about 2,500 separate drawings required for final manufacture and assembly of tanks produced here. Consider a book the size of "Gone With the Wind." Pile three of these on top of each other and add part of a fourth. Consider that each page is a blueprint ranging anywhere in size from a page of Maclean's Magazine to that of an office desk or larger. Then consider that there are specifications for materials piled up to the same thickness, and that every part shown on those drawings must be carefully machined and fitted together under rigid inspection. That will give you an idea of the magnitude of the task of building a tank.

Canadian Hydro Plants Add 254,600 H. P.

New waterpower installations in Canada during 1941 totalled 254,600 h.p., according to Hon. T. A. Crerar, Minister of Mines and Resources. This, together with 6,000 h.p. resulting from equipment, and replacements not previously reported, brings Canada's total hydraulic installation as of January 1, 1942, to 8,845,083 h.p.

Throughout 1941 intensive efforts were maintained to provide additional supplies of power for the ever-increasing demands of war industries. These demands were met by bringing into production new waterpower installations, by construction of new transmission line facilities, and the interconnection of existing transmission systems. Further, a large amount of secondary power was diverted for primary purposes; this diversion amounting to about 640,000 continuous h.p.

As a result of the intensive effort to make available larger quantities of power for the war effort, it is estimated that hydro electric energy produced in Canada in the last year totalled 33 billions of kilowatt hours, an all-time record.

OIL — sinew of modern war

THERE ARE 6,500 trained workers in Imperial Oil Limited. Each uses an average of several thousand dollars worth of plant equipment or other Company assets in doing his work. Some 50,000 shareholders have provided the money to supply these tools, which are of almost infinite variety, ranging from micrometers to towering stills, from inkwells to 16,000-ton tankships.

During more than 60 years the management has co-ordinated these workers and equipment to perform a useful, dependable service efficiently and at minimum cost to the consumer.

When war began, new problems and responsibilities developed. There was a great change in the character of product demand; there were emergency needs undreamed of in time of peace; there were heavy requirements for capital outlay to produce new products and more of certain kinds of products; even more important than before became the tasks of the Company's research and engineering development branches.

These problems have been met and the responsibilities assumed without disturbance of normal essential activities although it is estimated that today nearly one-half of the Company's production enters directly or indirectly into the war effort.

To serve the war effort is a privilege and a duty and it is a matter of satisfaction that the flexibility and resources of the Imperial Oil organization have enabled the Company to serve it so extensively and effectively.

SOME FACTS ABOUT IMPERIAL OIL

5,000 Imperial Oil employees are shareholders in the Company.

★ ★ ★

Imperial Oil employees have pledged themselves to buy $630,000 of War Savings Certificates annually.

★ ★ ★

Imperial Oil employees enjoy security . . . sickness and death benefits, group insurance and thrift plan protect them and their dependents . . . a pension plan provides for their future . . . when their years of productive effort have passed they do not become charges upon the community.

★ ★ ★

Through its operations abroad Imperial Oil brings many millions of dollars of foreign exchange into Canada each year.

Imperial Oil is the only Company which manufactures and distributes petroleum products throughout Canada and in Newfoundland.

★ ★ ★

Imperial Oil engages in every phase of the oil industry from exploration for crude oil to the marketing of finished products.

★ ★ ★

Imperial Oil pioneered the distribution of petroleum products on the western plains and in the "New North."

★ ★ ★

Imperial Oil has never had a strike or a lockout. It pays fair wages, affords the best working conditions, and through its industrial representation system gives workers a voice in matters affecting them.

Imperial Oil operates the world's most northerly oil field and refinery near Fort Norman in the North West Territories.

★ ★ ★

Imperial Oil's capital structure is simple . . . it has never issued other than common stock . . . it has no bonds. debentures or preferred stock.

★ ★ ★

Imperial Oil's cost figures include no charges for funded debt or for interest on capital investment.

★ ★ ★

From its Canadian operations Imperial Oil has averaged, during the past five years, a return of approximately 5% on its invested capital, every cent of which is continuously and usefully employed.

★ ★ ★ IMPERIAL PRODUCTS

IMPERIAL OIL LIMITED

REFINERIES AT: Imperoyal, N.S. • Montreal, Que. • Sarnia, Ont. • Regina, Sask. • Calgary, Alta. • Ioco, B.C. • Norman Wells, N.W.T.
REGIONAL OFFICES AT: Halifax, N.S. • Montreal, Que. • Toronto, Ont. • Winnipeg, Man. • Regina, Sask. • Edmonton, Alta. • Vancouver, B.C.

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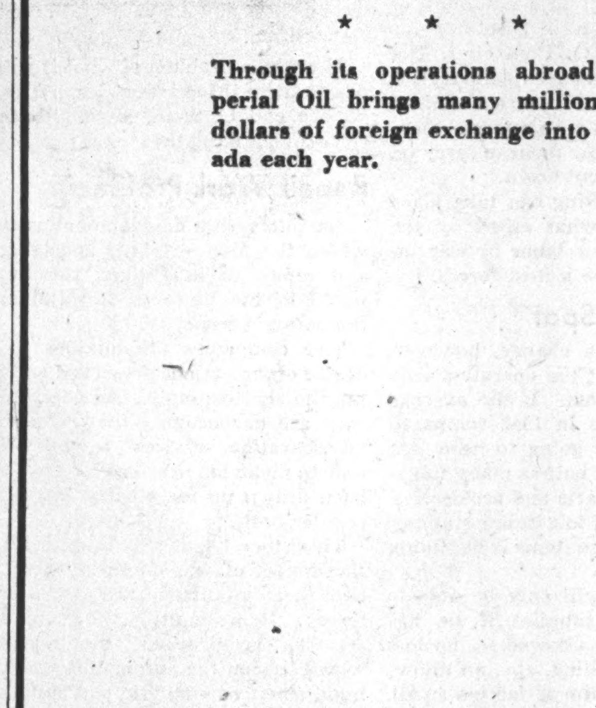

WAR and BUSINESS

The new 1942 edition includes a special 14-page section on Canada's part in the war:

WARTIME CONTROLS . . . CONTRACTS . . . WAR PRODUCTION . . . EFFECTS OF WAR ON COMPANY EARNINGS . . . WAR FINANCING

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Swing to Fighting Vehicles

Now Making Universal Carriers, Other Types Coming

Although the greatest proportion of production for war by Canada's automotive industry to date has been for non-fighting military vehicles, production of the combat type is now rapidly increasing.

Ford Motor Co. of Canada has been working on Universal Gun Carriers for many months and has turned out several thousands. This single plant now turns out enough of these carriers in a day to equip a battalion and enough in 14 days to equip an infantry division.

The current monthly rate of production of Universal Carriers is 700, according to Rt. Hon. Mr. Dandurand.

Last year steps were taken to expand the production of combat vehicles to several new types. Scout cars, reconnaissance cars and armored cars will shortly be rolling off Canadian production lines in substantial volume. No details of the type to be produced or what they will look like have been revealed.

Universal Carriers

Production of fighting vehicles is far more difficult than that of transport vehicles, even of the specialized army types. Universal Gun Carriers, the model already being turned out in substantial quantities in Canada, is said to be a "baby" tank. It can travel up to 45 miles an hour on its caterpillar tracks, manoeuvre with ease on almost any terrain and is equipped with machine guns for both offensive and defensive operation.

Primarily this handy unit is intended to transport personnel and supplies in combat areas.

Each Universal Gun Carrier costs approximately $5,000. How many have been produced to date has not been announced but from the fact that actual production has been going on for about a year now and current rate is said to be 700 per month, it can be seen that the number turned out is substantial.

Use Truck Engines

These Universal Gun Carriers being made by Ford are powered by an ordinary Ford truck engine. The body is covered with a light type of armor plate steel which will give protection to ordinary machine-gun bullets, but would be very little help against antitank guns.

In designing the new types of fighting vehicles which Canada is going to produce, existing models of British equipment have been used as the basis. Since the beginning of war, important changes in design have had to be made because of actual war experience and constant improvement and changes are steadily going on.

Another type of fighting vehicle with which the Canadian army is to be equipped, is known as the Bantam "Blitz-Buggy." This, for the present at least, is not to be produced in this country, but is being turned out by the Ford Motor Co. in the United States.

With the exception of the Universal Gun Carrier, the new programme to use the Canadian automobile industry to turn out combat vehicles is yet in its early stages. Judging from the success achieved in turning out other types of military vehicles, however, it should not be long before these new types mentioned are coming off assembly lines in large numbers. It will add another chapter to the conversion of one of Canada's largest peacetime industries to war on an all-out basis.

Production on Parade — A Progress Report

Canada's Swelling War Plan

Herewith The Financial Post presents the obtainable, publishable and latest facts about our armed forces, about the main items of our war production, and about our war finances

Armed Services

OBJECTIVES

	Now	By March 1943
NAVY	27,000	40,000
ARMY	295,000	385,000-395,000
AIR FORCE	100,000	170,000-180,000

Increase "in the opinion of general staff is maximum number of new men who can be effectively trained during that period for service overseas."

ENLISTMENTS

Breakdown of Enlistments by Provinces
As at Oct. 31, 1941

Province	Population	Total Enlistments	Enlistment % of Population	Navy	Army	Air
Maritimes	1,120,486	54,402	4.58	5,174	39,156	7,072
Quebec	3,319,640	60,195	1.81	4,007	47,556	9,632
Ontario	3,756,632	147,198	3.92	8,675	102,246	36,277
Manitoba	722,447	35,900	4.97	1,747	23,915	10,238
Saskatchewan	887,747	28,937	3.26	1,471	18,021	9,445
Alberta	788,393	32,676	4.14	1,909	22,372	8,395
British Columbia	809,203	36,339	4.49	3,697	24,501	8,141
All Canada	11,419,986	393,717	3.44	26,750	277,767	89,200

Total Enlistments During War 424,605

Army, 299,059; Navy, 26,141; Air Force, 99,405.

Army Enlistments—1939, 69,285; 1940, 128,289; 1941, 101,485.

CANADIAN ARMY OVERSEAS

By Nov. 1939	312	By Feb. 1941	over 60,000
By Dec. 1939	15,000	By April 1941	over 70,000
By March 1940	20,000	By July 1941	over 90,000
By April 1940	over 25,000	By Sept. 1941	over 100,000
By Aug. 1940	over 50,000	By Nov. 1941	over 125,000

Weight of Total Army Equipment Per Soldier

Napoleon's Army .... 500 lb.
McNaughton's Army .... 2,000 lb.

Increased Productivity

As war industries get into production, per unit costs decline. Indicative of this is the fact that a dollar now goes further than a year ago.

66% further on cartridge cases
54% further on universal carriers
33% further on shells
30% further on machine guns

Fighting Vehicles

TANKS—Canada is making two types:

VALENTINE—medium size, infantry co-operation. One produced every eight hours by 4,000 workers in Angus Shops of C.P.R., Montreal. $90,000 each.

M-3 CRUISER—heavily armored, high speed offense unit. Produced by 3,000 workers in Montreal Locomotive Works. Rate secret.

UNIVERSAL CARRIERS, 700 a month .... $5,000 each

Armored scout and reconnaissance cars to reach production of "hundreds monthly" early in 1942.

Military Vehicles

Canada makes 160 different types.
Over 200,000 units shipped overseas.
Deliveries: "thousands monthly."

ONE CANADIAN INFANTRY DIVISION HAS

3,500 motor vehicles of 160 different types worth, plus one year's upkeep, $12 millions; one vehicle to 4-5 men. Represents total horsepower of 249,000.

ONE CANADIAN ARMORED DIVISION

3,500 motor vehicles.
Total estimated horsepower of 387,500.

CANADA PRODUCING

One army automotive unit every 3 minutes.
Total contracts to auto industry, July 14, 1939-Dec. 31, 1941, $113.8 millions.

Guns and Small Arms

Canada now producing more than 10 types of complete heavy guns. Canada commencing production of Vickers M.G.'s, Boys antitank rifle, Sten sub-machine guns. Browning M.G. rate to be "thousands a month" early in 1942. 25-pounder output at Sorel Industries now 50 monthly. 1942 quota:

Anti-Aircraft	4,300	Bren	54,000
Field Guns	6,000	Trench Mortars	4,800
Naval	1,800	Lee Enfields	200,000

Ammunition, Explosives

23 chemical plants now operating. They represent an investment of $100 millions.

Produced, 9 million shells.

Present capacity, 1.2 million units monthly, 20 sizes.

Explosive capacity to fill 1 million complete rounds, 700,000 projectiles and 700,000 cartridges per month in 1942, plus filling for bombs, depth charges, mines and fuses.

Small arms ammunition capacity 50 million rounds a month, to treble in 1942. Includes ball, tracer, incendiary and armor-piercing bullets, in four calibres, five more to be added.

Wide range of explosives made, 150 million lb. delivered, monthly 1942 capacity to be 70 million lb.

War Plants

Total war production, 1941 .... $1,000 millions
Total war production proposed for 1942 more than $2,000 millions

Capacity Increases Since War's Outbreak

Alloy steel .... 6 times
Brass .... 5 times

Shipbuilding

SHIPYARDS AT WORK—Cargo and Naval

On the Pacific	8 with 32 berths
On the St. Lawrence	6 with 37 berths
On Great Lakes	5 with 14 berths
In the Maritimes	3 with 9 berths

WORKERS	Now	In 6 mos.*
In shipyards	21,000	39,000
In shops	20,000	25,000

*When present planned programme is to reach full production.

NAVAL SHIPBUILDING

17 major shipyards with contracts for
135 corvettes (about 100 already built)
153 cargo boats (10 launched)
85 minesweepers (59 built)
Two destroyers (none built)

58 boatyards across Canada make assorted naval craft, rowboats to torpedo boats. Others combine with them in $10.5 millions programme for British and Canadian army, navy and air forces and for Norway and the Netherlands.

CARGO SHIPBUILDING

By Wartime Merchant Shipping Ltd. Crown company.

ORDERED .... 161 of 9,300 tons
18 of 4,700 tons

PROGRESS—Two completed, seven outfitting, 36 building.

FOR TROOP MOVEMENT

One ordinary soldier requires 10 tons shipping.
One mechanized soldier takes 100 tons shipping.

Airplanes

Some 5,000 craft of all types manufactured or assembled here since war's outbreak.

Now building 100 Avro Ansons monthly, 16 Bolingbroke bombers plus five other types.

Production this year concentrated on nine types: Fairchild trainer, Avro Anson, Harvard, Bolingbroke, Consolidated PBY, Curtiss P-40, Lancaster and two types still secret.

Aero-Engine production under way in 18 months.

War Workers

600,000 of whom 75,000 are women "engaged directly and indirectly (end of 1941) in producing and distributing the weapons and supplies of war."
700,000 to be engaged by end of 1942.

War Expenditure

PROBABLE MONEY NEEDS FOR YEAR TO MARCH 31, 1943

		On per capita basis
Canada's war costs	$2,000 millions	$175.44
To aid Britain	$1,000 millions	$ 87.72
General administration	$ 455 millions	$ 39.90
TOTAL	$3,455 million	$303.06

HOW COST MAY BE MET

Taxation from all sources	$1,727.5 millions	$151.53
Borrowing	$1,727.5 millions	$151.53
TOTAL	$3,455 millions	$303.06

Freeze Cork Supplies For Essential Use

Regulations on the importation and distribution of cork in Canada have been instituted to forestall the possibility of a shortage of this essential war material. The new order is intended to prevent hoarding and will limit supplies in the hands of dealers and processers to their normal requirements for three months.

No airplane, motor torpedo boat, gasoline powered tank, or other mechanized army vehicle can operate without cork. The commodity is vital to the fishing industry, to the manufacture of army pontoons, life preservers, cold storage plants for naval and merchant vessels, and to hundreds of other essential purposes.

No practical substitute is available for cork in the making of gaskets and crown tops for bottles. Virtually, all the raw cork brought into Canada comes from Lisbon, Portugal. While the bulk of semi-fabricated cork comes from the United States, that country has to depend on the same source for the raw product.

Building Record For Edmonton

Edmonton in 1941 had the biggest year of building activity since the boom year of 1913. Building permits issued in the year amounted to $3.4 millions, as compared with $2.6 millions of construction work authorized in 1940.

The 1941 total is for 1,937 separate building projects, the most in a single year since the 3,180 construction jobs in 1913.

Gasoline Our Armies Need And How They Get It

With One Vehicle For Every 4 to 5 Men and Big High Test Demand Petroleum Industry Has Major Task Ahead

In one day Canada's army uses as much gasoline as an average passenger car would probably use in 200 years.

In an hour and a half a four-engined bomber will burn an entire year's allowance for an "A" car under Canada's initial rationing allowance.

Soaring military demand has brought new responsibilities to the petroleum industry. There is the problem of meeting the heavy new demand, of adjusting refineries and distribution systems to meet the changeover to military requirements, and the responsibility of helping enforce the consumer restrictions that are the inevitable result of the mass shift to war.

2,000 Gallons Per Pilot

In his elementary flying training period the budding pilot will fly some 60 hours, probably in Tiger Moth or Fleet Finch and burn about 350 gallons of high test gasoline. In the next step, he may taken another 60 hours in a Harvard, burn about 1,500 gallons. If his goal is to become a bomber pilot, this second lap will cost the petroleum industry about 2,100 gallons of aviation gasoline.

By the time he gets his wings pinned on, the Canadian-trained pilot will have used up from 1,850 to 2,450 gal. of aviation gas. After that the bill goes up sharply and has to be met in Britain. Final training in a Hurricane or Spitfire will use another 1,500 gallons in the education of the fighter pilot. The bomber pilot may use around twice that amount.

Just how much gasoline the whole air training plan will use this year is the same secret as the number of pilots we are going to train. But each pilot trained by Canada, or by the R.A.F. stations in the Dominion, or by the Royal Norwegian Air Force will use as much gas as four to five average motorists would in an unrationed year.

Hoisting the Octanes

The tremendous fuel requirements of these training commands and the fighting and coastal stations can't be met by the simple expedient of re-routing a few oil trucks and tank cars. Production of the vast quantities of aviation fuel now needed has brought something of a revolution in the refining industry.

The changeover required would have been even greater but for the flexibility of the refinery processes. Developed gradually over the years, the technical excellence of Canadian refineries has been the outgrowth of the highly competitive nature of the petroleum industry. To meet the demands of peacetime aviation and the increased compression ratios of automobiles, Canadian refineries gradually stepped up the octane rating of much of the gasoline they produced. The war has largely meant the acceleration of this trend, not a complete revamping of the refining industry.

Like the motor vehicle industry, the oil refineries were ready for war.

Five-point Step-up

To make the gasoline that keeps the training planes flying demands a process substantially similar to those of making the high test gasoline that used to be available for the passenger car driver. It consists essentially of taking a high test natural gasoline, adding alkylate and tetraethyl lead blending agents. The octane rating of the old "ethyl" gasoline of No. 1 grade was 82. The highest grade used in the training planes runs 87 octane.

That five-point step-up in octane rating demands two things, first, the use of natural and casinghead gasoline, as distinct from the cracked gasoline that worked satisfactorily in automobiles, second, the addition of the blending agents. The "cracking" process by which molecules in petroleum products that would be heavier than gasoline in the ordinary distillation process are shifted around to make lighter products is the backbone of the great expansion in the use of automobiles. But the cracked gasoline is not satisfactory for airplane use, means a shift back of the refinery clock to some 40 years ago, when gasoline was almost entirely gained through distillation.

A plant for the vital alkylates which raise the octane rating of the already high test natural gasoline is to go into production this summer at Calgary. Meantime, the production of base stocks to blend with alkylates has been jumped 1,000% since war began.

When the alkylates start coming from the Calgary plant, production processes of the 100-octane gas that is used for the high compression, supercharged motors of fighting craft will be completely Canadian. At present we import these alkylates and add them to base stocks usually made from crude oil which has to be imported.

Army Burns it Plain

Less complex from a technical point of view, but of growing importance on a quantity basis are the army demands on petroleum.

Only one army vehicle, a tank powered by a radial aircraft engine, demands high octane gasoline, and it only requires the 87 octane fuel that goes into training planes. Another brand of tank uses a Diesel engine, but outside of these special fuels the great bulk of army fuel and lubricating can be satisfied from the ordinary stock in trade of the filling station. Grade of gas used is the No. 1 grade available to the ordinary motorist.

But in total quantity, the amounts used are large and growing rapidly. Last fall, the total consumption of Canada's army was around 100,000 gallons a day. At that time, the Canadian army was already mechanized to a substantial degree, but many of the really heavy gas eaters were still not included.

Army Goes Mechanical

Since then, our production of Valentine and Ram tanks has increased substantially, many have been shipped to the fighting fronts, but an increasing number have been made available for the Canadian army at home. As the process goes on, Canada's army is assuming more and more the aspect of a completely mechanized force, composed of armored divisions followed by motorized infantry divisions.

Each motorized division will contain around 4,000 mainly transport vehicles and will burn about 14,000 gallons of gasoline for every day in the field. The spearhead armored divisions will run about 3,500 heavier fighting vehicles and will use 30,000 gallons in a day. Both amounts are exclusive of the amounts used by protecting aircraft and base supply services. In the coming year, conversion of more and more Canadian troops to mechanized operations could easily treble last fall's rate of army gasoline consumption. That would mean that each day the army would be consuming as much gasoline as 1,000 passenger car drivers are to be allowed in a year, under the initial rationing allotments.

For the navy the Canadian petroleum industry supplies pretty well the complete range of fuels from coarse residue bunker fuels through Diesel motor oil and gasoline up to aviation gasoline for the planes of the bigger battleships and aircraft carriers.

The quantities supplied to sea vessels on the two coasts have stepped up tremendously. For example, fishing vessels which formerly went out to the banks and then bobbed around for two or three days while the catch was made, are now on the go full time, doing patrol work. Other ships fuel up and immediately return to duty, the long wait at the ports has been almost eliminated.

Net effect of this new demand has been to double the number of fueling stations in the Maritimes, from four to eight. The increase on the Pacific Coast has been of a similar order, and the increased patrol activity in that area promises still further increase.

Aid the Rationing

Each change in the wartime demand has necessitated drastic revision of production and distribution schedules on the part of the oil suppliers. So far, all these changes have been met without a hitch.

Perhaps one of the heaviest jobs lies ahead when the oil distributors take over their big share in the job of enforcing gasoline rationing. Beginning Apr. 1, oil and gas retailers will have to handle a second "currency"—gas ration coupons. The retail bookkeeping system will have to be doubled, cash and coupons will both have to be balanced against gasoline sales.

Although there will be new and heavy responsibilities to be faced, many of which cannot now be foreseen, many regard the rationing system as a distinct improvement over the semi-voluntary restrictions imposed last year.

Gasoline for Pilot Training

(Approximate High Test Gas Consumption Per Pilot Trained)

Elementary	
60 hours in light plane	350 gallons
Service Flying	
60 hours in Harvard	1,500 gallons
For bomber training probably	2,100 gallons
Postgraduate	
25 hours in Hurricane or Spitfire	1,500 gallons
Bomber training may burn	3,000 gallons
Gasoline cost for one pilot	3,350 to 5,450 gallons

One Day
of Canadian Army Gasoline Consumption.
Equals 200 Years
average consumption of one passenger car.

Making Rubber Go Further

When — And How Much — Will Synthetic Help

Because Canada needs all her available supplies of crude rubber for war, Canadians will be called on to make many sacrifices in coming months. They will have to do without a wide range of articles from rubber combs to garden hose, from motor car mats to fountain pen barrels, tires and tennis shoes.

To ensure that no rubber is diverted unnecessarily from war purposes, the Rubber Advisory Committee has issued a long and growing list of rubber articles considered non-essential for which crude rubber will not be available. As a further safeguard the law provides that no rubber can be obtained by manufacturers for any civilian purposes except by permit.

Immediate reasons for clamping down on the civilian use of rubber are:

1. Available supplies of crude rubber in Canada and afloat will not be sufficient for both essential and non-essential purposes.

2. With additional shipments cut off from Malaya, Burma and the Netherlands East Indies, from which 90 per cent of the world's crude rubber comes in normal times, supplies available from Brazil, Mexico and elsewhere will not be equal to the requirements.

3. It will be many months before the projected Canadian synthetic rubber plant can be in production and it will not likely be able to make good the deficiency.

When Japan entered the war, it was estimated there was about a six months supply of rubber for civilian and defense purposes combined, in Canada and the United States. With restrictions on civilian uses and increased economy in the defense forces, it is felt available supplies may be made to last till next autumn, possibly longer.

How some manufacturers have been affected is shown in the making of sports footwear, tennis shoes, golf shoes, etc. The manufacturers usually make their summer goods in the winter and their winter goods in the summer. Last November some of these manufacturers were all ready to start in on their regular summer production when Japan entered the war, and these lines were banned. Some makers of tennis balls had the rubber balls ready to cover with cloth. Inability to get rubber cement means they are unable to finish the balls.

Manufacturers claim much saving of rubber can be effected by truck drivers if they drive at moderate speeds, keep their tires properly inflated and don't overload their vehicles.

In past years important work has been done in salvaging used rubber tires and other goods. This has been fairly important in eastern Canada. But in the west practically no effort has been made to collect and melt down old tires. Reason is that the only reclamation plant of any size is in Eastern Canada and the cost of transportation was too great to make the salvage of the western old tires practicable.

War has changed the picture. Arrangements are now being made to collect old tires on the prairies and these will be shipped to the nearest point in the United States for treatment under agreement with the U. S. authorities.

The synthetic rubber programme is one on which little official information is available. Estimates of the amount of the rubber that can be made available from this source vary considerably and probably at this stage are not very reliable. Forecasts that it will be able to supply Canada's wartime needs are regarded as too optimistic in some quarters.

No More Rubber For These Uses

Necessity of conserving rubber has caused the Rubber Advisory Committee to issue a list of articles considered non-essential. New crude rubber or latex accordingly will not be available for the manufacture of the articles named.

The list does not comprise all non-essential articles, however, but only those so far ruled as such by the Rubber Controller.

When manufacturers require rubber for the manufacture of other things, they must make application to the committee telling the purpose for which the rubber is wanted. If the commitee does not consider it essential, supplies of rubber will not be available.

The articles listed so far as non-essential follow:

Tube repair kits for mending shoes.
Stick-on soles.
Car mats, except for new automobiles.
Corrugated matting.
Billiard table rubber.
Bowling pin bands.
Replacement rubber for permanent waving machines.
Horse shoe paids.
Rubber covered horseshoes and caulks.
Pen and pencil barrels.
Rubber thread except for trusses and surgical garments.
Latex or new rubber for labeling paste except for use in labeling food tins for the British Ministry of Health.
Latex for spraying backs of skins in manufacturing furs.
Rubber for leather finishes.
Rubber or latex for making belts and hand bags.
Cement for sealing envelopes.
Cement for box toe manufacturing.
Latex for artificial flowers or feathers.
Cement for "sock" lining (leather shoe mfg.)
Cement for cold tape (leather shoe mfg.)
Auto heater hose.
Toilet seats.
Elastic bands.
Rubber combs.
Rubberized interlinings for cloth coats.
"Quarter lining" in the manufacture of leather shoes.
Carriage tire (for horse drawn vehicles) except new vehicles and where controller gives special authorization.
Matting or flooring for railway coaches inside or out.
Ground sheets for civilian use.
Battery jars except for: new cars, industrial use, replacement—restricted to 50% of average monthly production in the basic period (June 1/40 to May 31/41).
Wringer rolls for washing machines except for: new machines (based on quota of new machines); replacement—restricted to 50% of the average monthly production in the base period (June 1/40 to May 31/41) for February.
Baby carriage tire, except for new baby carriages.
Refrigerator rubber parts—no new rubber may be put into process in future for the purpose of supplying rubber parts to refrigerator manufacturers.
Garden hose—except for: (a) industrial use in plants; (b) market gardeners and in greenhouses when certification given that it will be used exclusively on the property; (c) purchasers entitled to buy for (a) and (b) purposes must not buy or deliver to others.
Rubber for manufacturing leather upholstering for trucks and passenger cars. This applies to new or replacement.
Industrial solid type, small truck tires, including molded-on and slip-on type, except: allowed only for new trucks for balance of February.
Latex (or new rubber) for the sealing of pile in upholstery except for new motor vehicles; new railway car seats.
Hat gum rubber.
Weatherstripping in any form.
Mats and matting of all types excepting switchboard matting certified for use in front of electric switchboards.
Rubber flooring.

Challenge For Car Engineers

Experience and Organization Built Up In Peacetime Proves Invaluable National Asset

Brains and ingenuity of engineers employed by Canadian automobile companies have played an outstanding part in the complete transformation of a giant industry for war.

Experience developed by the peacetime work of the automobile companies was vital. It is also true that many standard automobile parts are used in military vehicles.

But the job done by a transport vehicle under wartime service is very different from that which a similar vehicle might be expected to do under normal conditions.

Recently an engineer of the Ford Motor Co. of Canada explained the job of producing and testing mechanized transport for the army. He claims the performance yardstick required of these trucks is "three times as tough as a commercial truck."

This is because cross-country operations present problems of power, traction, articulation (twisting) and clearances not encountered in commercial service. The characteristic of a military transport is short wheel base, large wheels and tires, points of paramount importance in army service to enable them to be operated over rough country and to climb in and out of ditches or shell holes.

To cover extremely uneven ground, articulation must be excellent. Power must be great; "flotation," the engineer's term for ample tire capacity, must be assured; brakes must be able to stop suddenly and hold on steep grades. Tires must provide traction in sand, mud or rocky land.

Army trucks and tractors must be able to haul themselves out of mud even when completely bogged down by their own power, using self-contained cable and winch.

The result is a vehicle which is not beautiful to the eye. It is ugly, angular, snub-nosed, dull, flat-colored.

Even the paint is functional. It combines in its dull drabness freedom from reflection which helps prevent detection from the air and an ability to decontaminate gases which might later harm crew. Many types of poison gases would completely ruin the paint finish of ordinary automobiles but that designed for army vehicles is impervious.

Practically all army vehicles are four-wheel drive, which means that all four wheels may be geared to the engine to enable them to apply their power, not only to the rear wheels but also to the front. This was another feature of truck manufacture relatively new to Canadian manufacturers.

Research on army needs started as far back as 1936 when the industry began working and co-operating with the Department of National Defense on an experimental basis. This meant that Canada was able to start supplying mechanical transports within a relatively short time after war started. Designs developed and proven by British army engineers were studied, adopted or improved.

During this period, residents along the back roads surrounding Oshawa or Windsor were liable to see strange dull colored vehicles, plunging through snow impossible for ordinary trucks, or hunting for mud holes which would bog them down. This testing has gone on continuously since war's outbreak.

Highly Standardized

To a very large degree, the design of these vehicles has been standardized. Parts are made interchangeable to an amazing degree. For example, cabs are identical from the smallest "8 cwt." up to the largest "6-wheeler." All models have the same type of controls and lighting arrangements for black-out operations. Because many are to be used under British traffic rules, all specially designed military vehicles are right-hand drive.

Another feature of the basic design used has been to make many parts, such as transmissions and steering and braking mechanisms, interchangeable between vehicles made either by Ford or General Motors. It all makes for efficient operations in the field and cuts down the problem of supply of repair parts.

War brings many specialized types of uses for trucks and tractors. Vehicles must be specially designed to act as gun tractors, to be useful as radio trucks, as travelling workshops or ambulances. The Air Force wants airplane refueling units, fire and crash trucks and ambulances.

These different types and many others may be fitted on a standard chassis and may use regular truck engines, but the body and equipment has to be designed and adapted for the use to which it is to be put.

New Types Coming

Canada's automobile factories are working on the production of many new types, not yet familiar to the Canadian public. Little is known about these yet as they are largely military secrets. It is known, however, that Canada is already making, or is about to start the manufacture of reconnaissance cars, armored cars, and the popularly-termed "jeep" which may take the place of the motor cycle.

What will be done in this line cannot be said definitely as yet. Perhaps it will be decided that purposes of defense of the United nations will be best served by Canada getting her supply of some of these vehicles from the United States. Perhaps they will be made in this country.

In any event it is important to remember that Canadian production of military vehicles of all types is based upon and adapted from designs which were proven in many ways by the British or the Americans. Canada imported some special army trucks from Britain in the early days of the war and Canadian automobile engineers studied these. They got many of their ideas about design from these vehicles but, it is maintained, were able to improve upon many other features. The result is that the Canadian motor transport and specialized army vehicle is the equal of any to be obtained anywhere in their classes.

Photo—Public Information.

Canadian-built Universal Carrier stops to signal "Gas Ahead" in convoy exercises of a Calgary mechanized unit near the Rocky Mountains. An all-Canadian weapon of war, the Universal Carrier is rolling off automobile assembly lines at the rate of about 700 carriers a month.

Will War Smash Car Values

Model Changes Now on Paper May Make Your Auto an Antique — if —

Facing the prospect of drastically reduced mileage for the remainder of the war at best and complete cessation of passenger driving at worst, many Canadian motorists are asking what's ahead after the war for used car values.

Most alarming view of postwar used car values is taken by those who stress the technical advances already on the drawing boards and experimental models of the auto industry.

Bodies have been made of plastics derived from soya beans, wheat and corn. Tops have been made of transparent lucite plastics. Designs have been more streamlined with the new materials, colors brightened. Ford, Chrysler and General Motors have all made extensive experiments with plastics.

Wartime development of metal resources has already cut the price of aluminum from 20 cents a pound at the beginning of 1940 to 15 cents currently, despite soaring war demand. Current plans call for increasing the still lighter magnesium metal 100-fold. These developments and the further advances in alloy production may equal the impact of plastics on automobile design.

Under the hood the rapidly increasing output of 100-octane gasoline has stimulated talk of further stepping up of engine compression ratios, of higher powered cars in relation to weight. Use of aviation-type engines in tanks may forecast a radical change in the power unit. And the war may bring even greater technical changes in the next year or two.

But many of these improvements have been in the experimental shops for years. Rear-mounted engines, one of the features of some of the plastic-planned models, are of pre-depression vintage.

Many of these radical changes have in the past not reached the highways because of the big investment the motorist has in his existing auto equipment. Canada has over 1.2 million registered passenger vehicles. Fairly conservatively, their total value would be above $500 millions. Dependent to a large extent on normal supply and demand, the value of these used cars is also greatly influenced by the extent of the changes in each year's crop of new models. Radical changes make all existing cars look older, speed up the already heavy rate of "depreciation" — the value lost through obsolescence.

As big in importance is the psychological reluctance of the motorist to shift to a radical design. Risk that a model might be unsaleable, might wipe out a year's profits because it flaunted the established habits of drivers thus weighs heavily with the producer.

Should the war last much longer, both these restraining influences will be measurably weakened. Cars would presumably have lost most of their value through straight wear and tear, might have become so obsolete as to feel little effect from drastic model changes. New generations of potential car drivers would have come along, many of them schooled to the use of high-powered military vehicles and planes. On paper, at least, the way should be opened for drastic changes.

But by war's end there may be a tremendous backlog of unsatisfied consumer demand. To meet it the auto companies have warehoused the molds and dies and jigs for their 1942 models, could probably set them in production on a month or two's notice. Need for rapid production of workable models may thus re-establish the chain of steady development that has been the feature of automobile model changes.

One other factor is pulling for a continuation of production on lines similar to the last peacetime models—the state of the highways. It may be impossible to maintain roads in as good condition as in peacetime, and many of the revolutionary automobiles now on the drawing boards are lighter, more highly powered than standard cars. Few of our highways, even when surfaces are in good condition are designed for 70 or 80 mile per hour driving. In a lighter car, on poorer surfaces, the disparity would become more pronounced.

Opinion among hard-headed automobile men at present appears to lean toward the view that the first postwar cars will be substantially similar to the 1942 models. But this view is hedged against the imponderables of war, for example, against the possibility that there could be little production until a year or two after the war in any event, as a result of damage to rubber sources.

Buy Fewer Motor Cars

Quebec bought fewer motor vehicles in 1941 than in 1940, but the capital outlay was larger.

During the first 11 months of 1941, the province spent $29 millions on new motor vehicles, as against $25.2 millions for the like period the year before.

In relation to the Dominion sales, Quebec accounted for 20.2% last year, as against 18.6% in 1940.

Details of Sales

Details of motor vehicle sales follow:

MOTOR VEHICLE SALES
(January to November, 1941)

	No.	% Dom. Total	Retail Value $	% Dom. Total
New Passenger Cars				
1941 ..	15,776	19.8	21,110,199	20.4
1940 ..	16,697	17.9	19,499,558	18.7
New Trucks and Buses				
1941 ..	6,143	19.1	7,916,058	18.8
1940 ..	4,721	17.7	5,762,368	18.4

Power Usage Gains 200%

Use of electricity in Quebec's manufacturing industries has increased by around 200% in dollar value since 1925. According to the Dominion Bureau of Statistics, the value of electricity used in manufacturing in the province in 1939 was $23.4 millions.

A view of the assembly line in one of our plants showing production of Gun Tractor Bodies.

This view shows an assembly line of 15 cwt. Steel Truck Bodies for Dept. of Munitions and Supply.

ILLUSTRATED above is a trainload of Artillery Gun Tractor bodies leaving one of our plants.

The full facilities of our plants, from Montreal to Vancouver, are at the disposal of the Government for the production of such items as illustrated on this page . . . *and many more!*

WAR STEEL COMES FIRST!

Our normal, peace-time lines of Steel Office Partitions, Lockers, Shelving, Shower Stalls, Culverts, Roofing, Siding and Special Sheet Metal Products, etc., gladly give way to the Nation's War Effort.

For the conservation of Steel, you are urged to postpone unnecessary purchases. For urgent requirements, let us know your needs and we shall take care of you to the best of our ability, consistent with Government restrictions.

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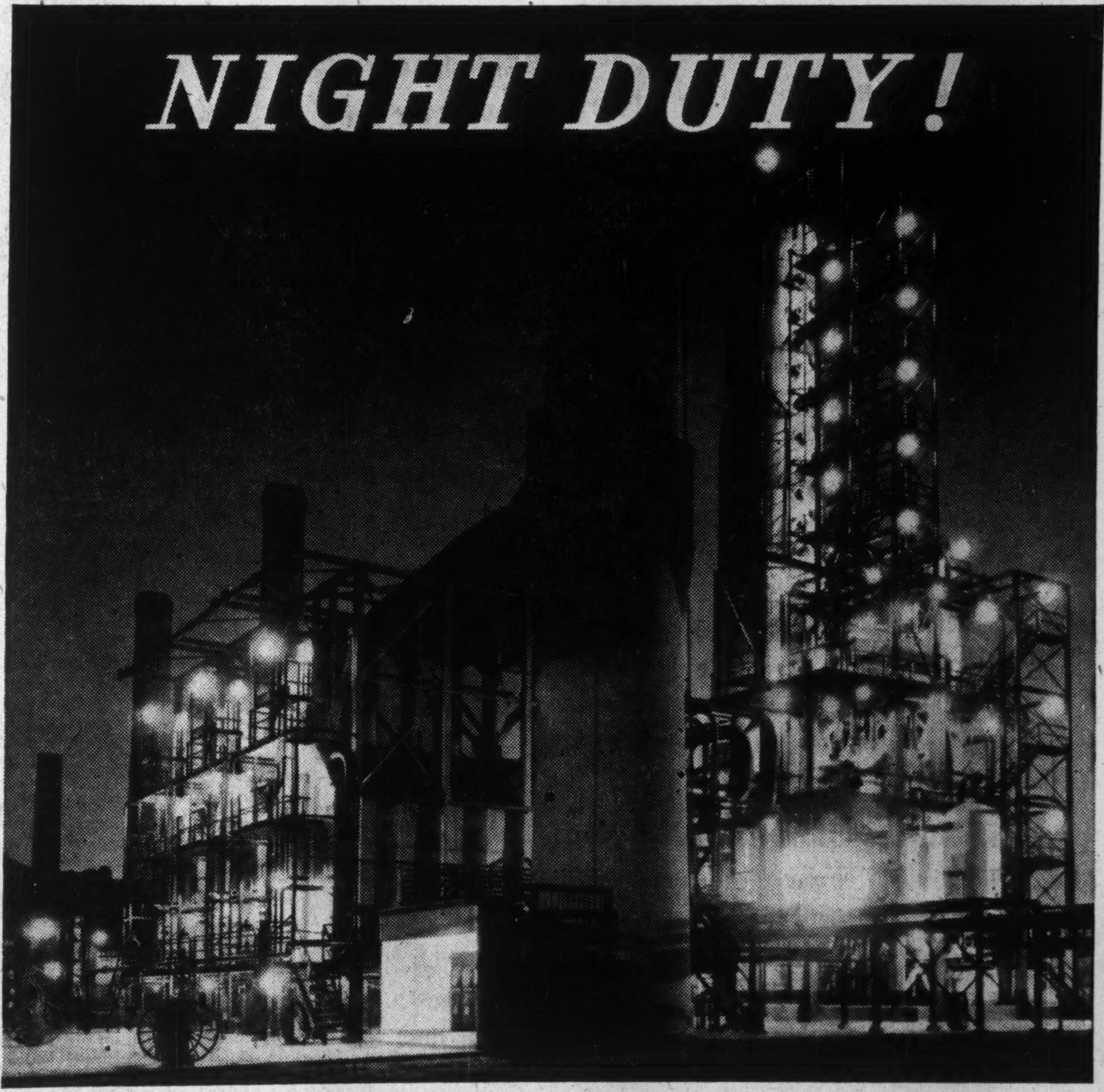

NIGHT AND DAY, under the stress of war, the value and dependability of Foster Wheeler's pioneering engineering is being proved by complete refineries and by units and pieces of special equipment in refining centres throughout the World. For it was Foster Wheeler which, after several years of development, prepared the first commercially successful high-pressure petroleum cracking furnace —twenty years ago!

In steam plants also, in industrial process equipment and in the power plants of Naval and Merchant ships, the products of Foster Wheeler research, design and engineering are playing an important role in enabling the free nations to meet the demands of war for uninterrupted production by night as well as by day.

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One Tanker Sunk = Year's Fuel For 52,000 Cars

Basic facts of Canada's petroleum equation for 1942 are these:

1. Rationing has an initial "target" of cutting total consumption about 20%.

2. To do it, the average consumer has been given a ration that appears likely to allow him about 60% of his normal mileage.

3. All schedules will be subject to change as the fortunes of war. It is impossible now to predict the total supply position, and it is not known precisely how much of Canada's consumption has gone to "non-essential" driving.

Loss Two to One

Whatever changes are made after the first effects of rationing on April 1 provide better knowledge of consumption habits will almost certainly bear the ratio of items 1 and 2 above—the consumer percentage sacrifice will be roughly double the total savings planned.

Reason for the two-for-one disproportion lies deep in the chemical structure of crude oil. Every barrel of crude now taken from Canada's wells or brought in by tanker and pipe line is divided roughly half and half between gasoline and other products. Up to over 70% of the crude, depending on its nature, can be turned into gasoline, but on the average about half goes to other products from face creams to fuel oil. To a great extent the amount of individual products that can be extracted from a barrel of crude can be varied at the will of the refinery engineers, but there are limits, and Mars and the motorist come into conflict over the lighter end of the crude product range.

Large Diesel engines drive the Valentine tank into battle. These workmen are preparing the motors for installation in the 20-ton tanks, many of which have gone to the Russian front.

Gasoline a By-Product

From natural gasoline, varying amounts of which are found in most crudes, comes high test motor fuel, gases which go to make up synthetic rubber and still-gases containing propane which is pinch-hitting for natural gas in Ontario's war industries. Last fall the motorist was shut off from his main use of these lighter fuels by the high-test gas ban, left more room for the 100-octane gasoline that gives the United Nations a 5% margin of superior plane performance over the Axis.

Down at the lower end come lubricating oils, bunker fuels, Diesel fuels and asphalt paving material. But to get at some of these heavier variations of petroleum means driving off some of the lighter gasoline and kerosene. If it weren't for this unavoidable intermediate process, there would be even less gasoline for non-essential driving. In the total war effort, most gasoline has become a secondary by-product, returning to the position it occupied when the petroleum industry's chief objective was its kerosene output. Instead of trying to squeeze more and more gasoline out of the crude, the goal is to squeeze less.

Our Five Oil Channels

The squeeze on the motorist's share of a barrel of crude goes into effect regardless of the amount of petroleum available. On top of that comes the pinch of dwindling supply.

We get our oil through five main channels:

1. Our own production mainly from Alberta.

2. Pipe line from U. S. oil fields to the Great Lakes. Thence in certain cases by lake tankers to Canadian points.

3. Tankers to the Maritime coast and to Montreal, now reaching Montreal through short-cut pipe line from Portland, Maine.

4. Tankers to the Pacific Coast.

5. Some railway tank cars.

Of these five sources, only three can be regarded as "safe"—the domestic output, what we get from U. S. oil fields by pipe line, and what we bring up in tank cars.

800 Millions for 1942

Based on the location of Canadian refinery capacity, only about one third of our peacetime crude oil imports of roughly 1,000 million gallons came the safe pipe-line route. Since then the quota coming the inland route has been stepped up—might reach 500 million gallons or more. Pipe lines have operated at capacity, with many stepped up by addition of pumping stations. The loading and unloading time of one fleet of tankers was reported cut by 24 hours a trip last year.

Add to this apparently safe supply of perhaps 500 million gallons the domestic output of slightly over 300 millions and it would look as though Canada could look forward to a minimum of some 800 million gallons of crude this year.

But in 1939, last year of complete reports, we brought in 1,500 gallons of various petroleum products in addition to our domestic production, making a total of roughly 1,800 million gallons in all.

The Tanker Equation

That means that unless our total consumption is cut to less than half what we consumed in 1939 we will be using precious ocean-going tankers. Actually, the equation is not as simple as that—tankers will have to be used to some extent to supply the maritimes, Montreal and its feeder area, and the Pacific coast. But this factor is partially balanced by the fact that some of the oil we drain out of the pipe lines from the U. S. might have gone to relieve the tankers serving the U. S. Atlantic coast.

Each 100 million gallons of oil we use requires the year-round service of two tankers, even with the saving in tanker mileage effected by the Portland-Montreal pipe line. And based on a probable unrationed consumption of something over 1,800 million gallons, it is apparent that the 20% "target" of the present rationing plan would release seven or eight tankers, keep over a dozen still serving Canada alone. (It would probably be more rather than fewer since some of the special oils we import are no longer available from the former U. S. sources, have to be lugged from much more distant points. Also the need for convoys slows shipments, can decrease the annual carrying capacity of a tanker 50% and more.)

Strain on the Tankers

How many tankers will be available for Canada in 1942 is in the laps of our navies and shipyards and the Axis subs. Last spring there were well over 100 available for North America. Since then it is doubtful if launchings have kept pace with sinkings, particularly in recent months. And there will probably be an added drain on tankers to build up supplies of petroleum in Australia which looks as though it may become a main attack base in the east.

Each tanker that has to be taken off the run to Canada will cost Canadian motorists about 26 million gallons of gasoline. In terms of the average mileage of the Canadian motorist, as indicated last year in a sample survey of the Oil Controller, most Canadian passenger car drivers used up over 500 gallons of gas in a year (an important section burnt more than three times that amount.)

That means that every time a tanker goes down or has to be switched from the Canadian run something like 52,000 passenger cars have to be taken off the road. And that figure is on the short side because we are getting less gasoline for ordinary drivers out of each lot of crude.

For Canada as a whole, the loss of a tanker puts roughly 5% of the total passenger car registration out of action. We have slightly more than 1.2 million passenger cars. To save eight tankers we thus have to cut our driving around 40%.

That's where the tanker equation links up with the first rationing quotas announced. Indicated average consumption of gasoline last year—around 500 gallons. Basic "A" allowance for ordinary drivers—300 to 380 gallons, a cut of roughly 40%.

How much of that first quota will survive to be placed in effect is anybody's guess. Hon. C. D. Howe has stated that the outlook has not improved. In one foray at the Netherlands island of Aruba, four tankers were sunk in February. That foray alone, if all the tankers had to be replaced from those now serving Canada would mean that half as much again would have to be taken off the Canadian driver's 1942 allowance.

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This awakening "tube-consciousness" on the part of industry in Canada is showing surprising results. Lighter yet stronger equipment for doing jobs is cutting down labour. Manufacturers are re-designing for smoother, better looking products, with greater usefulness to the buyer. These advantages show up inevitably in the final reckoning in the shape of much needed raw materials.

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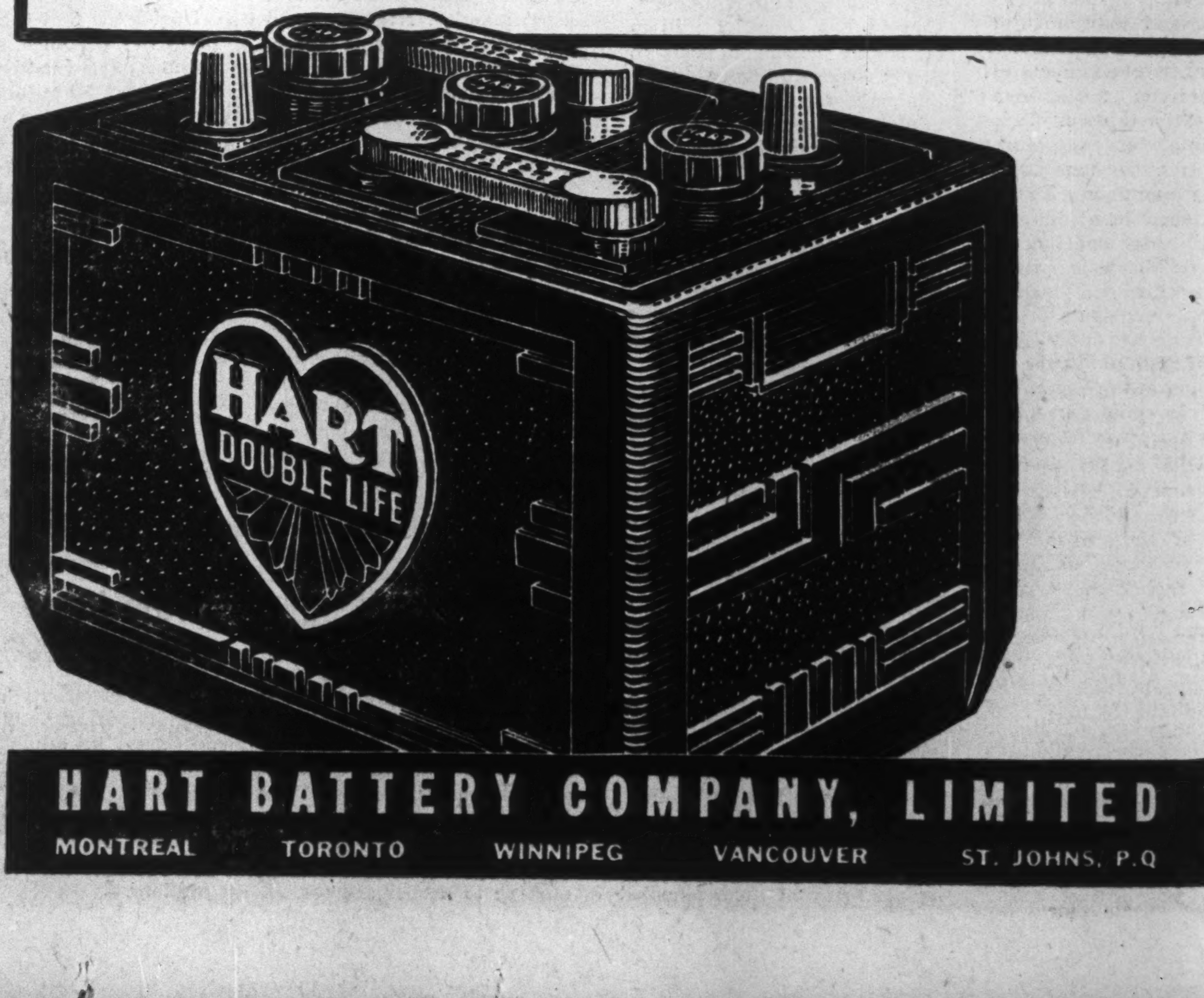
The WAR and HART BATTERIES

Loyal Canadian motorists appreciate the necessity for recent restrictions on the sale and manufacture of automobiles and accessories. They are showing patience and a co-operative spirit.

Current models, however, must be kept running as long as possible; and in achieving this a good reliable battery is of prime importance.

HART BATTERIES, by providing this battery dependability, are enabling motorists to make a very good "best" of a difficult situation.



HART BATTERY COMPANY, LIMITED
MONTREAL TORONTO WINNIPEG VANCOUVER ST. JOHNS, P.Q

Torrent of Fighting Vehicles From Canadian Plants

Car Factories Supply Transport For Whole Empire—Over 200,000 Canadian-made Vehicles Already Overseas

A Canadian infantry division in 1918 had 153 motor vehicles and 4,400 horses. This equipment, plus upkeep at the front for one year, cost $2 millions.

Today, a Canadian infantry division has no horses or wagons, but it has 3,500 motor vehicles of more than 160 different types.

The cost of the vehicles used by a modern infantry division, plus one year's upkeep, is $12 millions. To equip Canada's six divisions costs $72 millions for vehicles alone.

In 1918, the speed at which an army could move was set by the pace of its foot soldiers. There had been little or no acceleration for centuries and the marching speeds of armies had changed but little. Now, the 25 miles per day has become 25 miles per hour or even more on open roads.

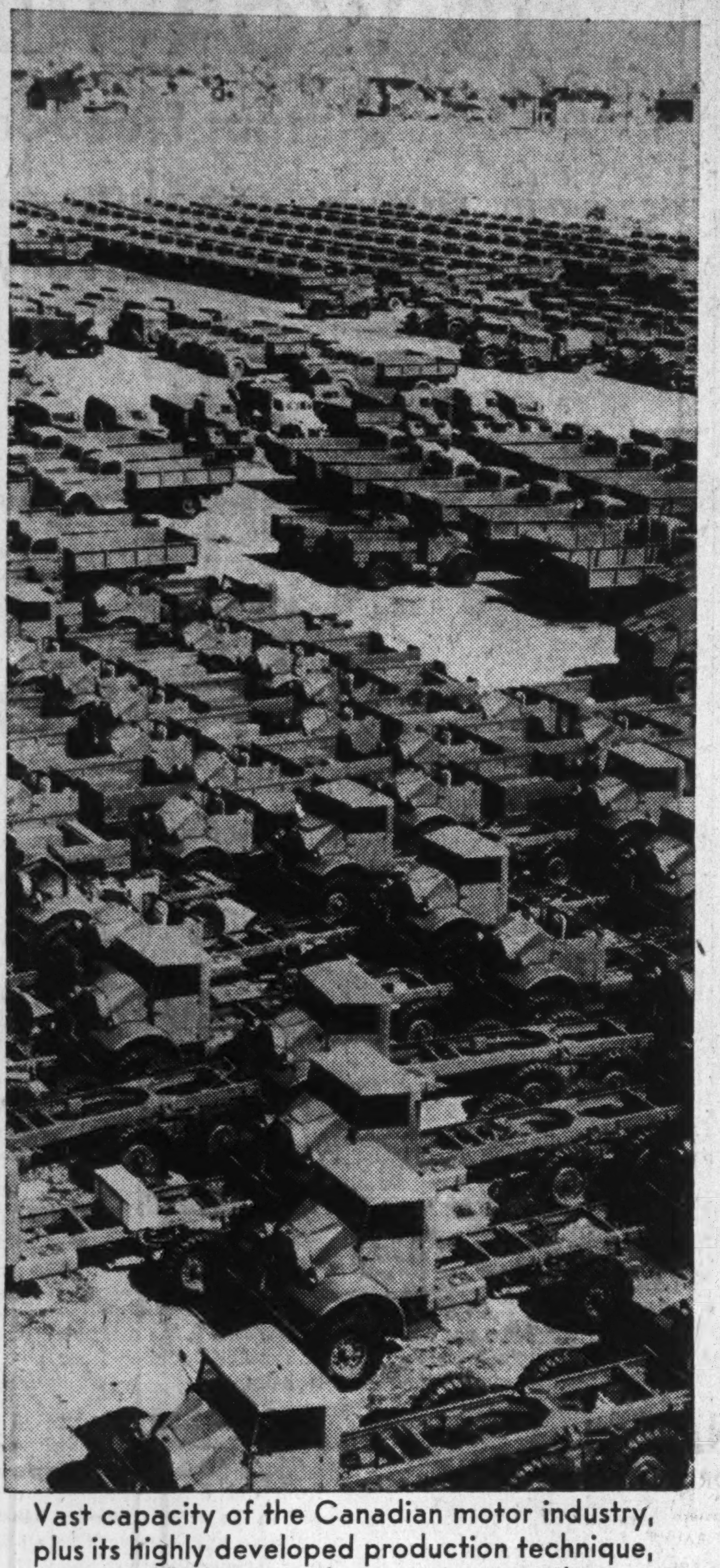
Increase Four-fold

Napoleon's armies had an estimated per capita weight of less than 500 lb. per man. Today the gross weight of a Canadian Army Corps of two divisions is about 60,000 tons, including men, equipment, vehicles, guns, ammunitions, food, fuel and other essentials. In other words, the aggregate weight of a soldier has increased at least fourfold in the past century.

This gives some idea the part played by mechanical motor transport in today's fighting conditions. But it gives little idea of the part which Canadian industry is playing in making this transformation possible.

Canada's automobile industry, aided by subcontractors from the farm implement industry, the various parts of the steel industry and others, has turned out and shipped to the various war fronts, a total of 200,000 units of various types of army transports, according to Rt. Hon. Raoul Dandurand in a statement made before the Senate recently.

On the average, Canada produces one army automotive unit every three minutes. This includes trucks and tractors of every type required by the armed services. Practically all the 160 different types of motor vehicles being used by the Canadian army are being manufactured in Canada and Canadian army vehicles have been used in every engagement in which the Empire soldiers have participated.



Vast capacity of the Canadian motor industry, plus its highly developed production technique, have enabled it to make a unique contribution. Photo shows a few of one day's production at one plant.

From July 14, 1939, to Dec. 31, 1941, the Department of Munitions and Supply and its predecessor bodies let contracts to Canadian companies for land transport to a total of $113.8 millions. Land transport ranked sixth among the various classifications into which war orders were broken down.

Pioneers in the job of reducing the specialized transport vehicles which a modern army wants, have been Ford Motor Co. of Canada and General Motors of Canada. These companies were active in experimental work even before the war, spending some millions of their own money to adapt regular commercial type equipment to war needs. Since the war started, they have been aided by other automobile companies in Canada.

Chrysler's Part

Chrysler Corp. of Canada's great Windsor factories are doing their part. Working in close collaboration with the parent company in the United States, this company has developed its own line of special military vehicles. Canada has ordered seven or eight thousand of the Dodge 8-cwt. four-wheel drive, army personnel trucks.

Like other motor car makers, Chrysler has adapted its standard truck and automobile models to military use. It turns out flare path trucks for emergency lighting of air fields, aircraft refueling tenders, ambulances and special trucks for the R.C.A.F. equipped with bomb-hoisting apparatus.

Chrysler engineers have been particularly successful in their direction of the huge gun plant at Sorel Industries Ltd. This same company has been selected to make the Ranger airplane engine which is to power the Fairchild primary trainers adopted by the Commonwealth Air Training Plan to replace the older Moths and Fleets which did such yeoman service in this war. This is likely to mean the building and equipping of an entire new plant, probably at Windsor.

Nor is this the whole story of what the Canadian automobile industry has contributed to Canada's war effort. There is the work of International Harvester in making special trucks of many kinds for the army and the air force. There is the contribution of dozens of companies which made their living supplying parts to the industry. They have turned out the special bodies for military vehicles and in addition handled other contracts of their own.

Typical of the dozens of firms involved in this programme are Brantford Coach and Body, Metallic Roofing Co., Massey-Harris Co., Cockshutt Plow, Hayes Wheel, Hartt Battery and many others.

There is the tremendous job of turning out shell fuses which McKinnon Industries, General Motors' subsidiary at St. Catharines, has handled.

Playing an almost equally important part in this job have been the makers of the special types of tires needed for army vehicles. Using methods developed in Britain, these big rubber companies in Canada have been producing thousands of tires. One type can be run for miles without any air in it, without damage. Altogether, 12 special types of military tires are being turned out in Canada.

Canadian Achievement

Army vehicles are an almost purely Canadian achievement. Actually, it is claimed, between 80 and 90% of production is wholly Canadian content, a much higher content than Canada got on the average in peacetime production of passenger cars. Engines, for example are made in Canadian factories and are standard commercial models.

Although the Canadian industry has produced altogether 160 types and models of vehicles, most of production has been concentrated on five general types: 4-wheel drive gun tractors, 3-ton carrier trucks with 4-wheel drive for heavy and bulky loads, field workshops, etc.; 30-cwt. trucks classed as load carriers; 15-cwt. units capable of use either as tractors for light antitank guns or for transport of heavy loads; light 2-wheel drive trucks classed as 8-cwt. units for light stores, small groups of personnel field wireless units and other purposes. These units were relatively easy and quick to design and adapt from commercial models and were the first to come off production lines in large quantities.

None of the vehicles in this group can be classed as a fighting vehicle. Their bodies are not bullet-proof in any sense. They are the work horses of the army intended to carry the army itself, its supplies and equipment, its munitions and fighting tools.

Co-operative Job

This job of producing transport for the armies of Canada and her Allies was the first and best example of co-operative enterprise in Canadian history. The automobile industry is now almost entirely switched to war materials. Production of civilian passenger cars has ended by government decree. But this will not mean the automobile companies will not be busy. Quite the contrary. To give the British forces their full establishment of transports, means one mechanized unit for every four or five men. Each army of one million men would need a quarter of a million mechanized units.

Cars Vast Source of Revenue

Industry Paid Many Costs of Government

Add up all the gasoline taxes and motor license fees collected in Canada and you get a figure of around $85 millions—almost one-third of total provincial revenues.

That figure does not include excise and sales taxes. It does not include the income taxes paid by the manufacturers on their $200 millions annual business, the taxes paid by their 17,000 employees, the 3,500 dealers and their 21,000 workers, the finance companies handling an $83 millions annual business, all the firms supplying the automobile industry in some way or other. Yet those two sources of revenue alone make up a most vital part of our provincial and general economy.

In every province of the Dominion a license must be held for motor vehicles of all kinds, trailers (except Alberta), operators, dealers, garages, gasoline and service stations. A sales tax is levied on gasoline by the provinces, 10 cents a gallon in the Maritimes, eight cents in Ontario and Quebec and seven cents in the western provinces. In addition there is a three cent Dominion gas tax.

To each province in 1940 that revenue meant this:

	1940 Revenue From Motor Vehicle Registrations $	Gasoline Taxes $
Prince Ed. Island	159,358	300,842
Nova Scotia	1,630,254	2,875,400
New Brunswick.	1,417,609	2,104,686
Quebec	6,965,354	11,154,540
Ontario	9,632,765	26,608,271
Manitoba	1,509,965	2,805,074
Saskatchewan ..	2,094,170	3,348,936
Alberta	2,664,782	3,221,775
British Columbia	3,222,368	3,759,629
Yukon	4,095	....
Total	29,300,720	56,179,173

That $29 millions odd revenue in the registration category comes from a score of sources. The 1940 record of revenue by classes in the motor vehicle registrations branch was made up this way:

	$
Passenger automobiles	15,013,633
Motor trucks	8,247,670
Motor trucks, conv.	6,855
Motor buses	223,502
Taxicabs	225,811
All other motor vehicles ...	62,947
Motorcycles	41,218
Trailers	445,990
Chauffeurs' licenses	694,811
Drivers' licenses	2,178,535
Dealers' licenses	143,586
Duplicate licenses	8,172
Transfer	387,546
Gas & service stations	51,311
Garage licenses	82,269
Mileage tax on trucks and trailers	891,487
Mileage tax on buses and taxis	359,149
Miscellaneous	236,228
Total	29,300,720

Excise war taxes collected on automobiles in 1940 amounted to $1.3 millions. What contribution Canada's motor firms make to income tax totals is not available but some indication may be gained from the fact that Ford Motor Co. of Canada alone paid close to $2 millions in 1940, almost four times as much as in the previous year.

So far as tax contribution is concerned the automobile business loomed a large target for government revenue seekers. In June, 1940, a war exchange tax of 10% was levied on all imports which materially increased the cost of production of automobiles. At the same time the excise tax on passenger automobiles, formerly 5% of the wholesale price, was increased to 10% of the wholesale value up to $700, 20% of the value between $700 and $900, 40% of the value between $900 and $1,200 and 80% of the value over $1,200. In December, 1940, the scale of excise taxes was again increased by raising the initial rate of tax from 10% to 20% applicable to the first $900 of value. Rates on the higher values remained unchanged. This tax was independent of and in addition to the sales tax, which remains at 8% on the wholesale value.

From Giants to Midgets

Military Tires Stand Up Even Though Shot Through and Through

Mechanized warfare has brought a great wartime job to Canada's rubber tire manufacturing industry—production of a long list of military tires, tires running all the way from mammoth units for armored vehicles and giant bombers to a tire no bigger than a watch for a pursuit plane "tailpiece."

Why civilians can't have new rubber tires is answered in part by the amount of rubber going into an army tire. A huge army truck may take 284 lb. of rubber per tire, enough rubber to make 23 tires and tubes for the ordinary family car. Even the smallest army tires call for 27 lb. of rubber or twice as much as civilian automobile tires.

A total of 12 different types of tires are used by the ordinary run of military vehicles. It is attempted to limit the number of tire types as closely as possible but specialized vehicles require specialized tires. Big battle wagons and armored cars have to have tires that meet exacting requirements. Tire economy has become a matter of "rubber strategy."

The Challenge Met

The challenge to the rubber industry to produce special tires has been met by the industry—with the assistance of the government. A large proportion of tires turned out for the army are today of the "flat-run" variety—tires which will run even though shot through and through with bullets. These tires are made not only for transport vehicles for front line service but for artillery pieces and for most other items of equipment that might be disabled.

Auxiliary services find specially-developed Canadian tires playing key roles. Tremendous "earth - removal" tires have been developed and are being used today on equipment laying out airdromes. Over in England, they have been used for rushing construction of special roads. In this day when laying out of new airports must sometimes be rushed at a very fast clip for strategic purposes, special equipment utilizing earth - removal tires is almost a necessity.

Army Saves Rubber

Rubber economies are being sought in the armed forces in just the same way as they have been made in civilian life by cutting off numerous uses. A drastic reduction has been made in the number of army staff cars to allow a saving in both use of rubber and gasoline. (In one headquarters centre cars have been reported cut from 200 to 10.) Investigations are being made to determine if economy of rubber is possible by using a larger quantity of tires with a low rubber content rather than long life tires which require more rubber per tire. At military depots, a special check is made to see vehicles are not used unnecessarily and regulations of speed, loads, etc., are included in standing orders.

Retreading of tires isn't confined to civilians. It is not only being carried out by the army but by the airforce as well. Tires for both pursuit ships and bombers are retreaded when necessary.

What a Division Uses

A motorized infantry division has a total of 4,000 vehicles including roughly 1,300 cycles, some with side-cars. This means that an infantry division requires roughly 14,000 tires without counting spares or ordnance supplies. Most tires will have what is known as "cross - country tread." This tread on vehicle tires may look the same to the general public. Actually the tread varies somewhat with three or four different treads in use, one for each tire manufacturer. Part of the tires are the same type as would ordinarily be used in peacetime but even an infantry division has its large proportion of specialized tires.

The number of tires used by an armored division is roughly the same as that for a mechanized infantry division. While the number of "vehicles" is only around 3,500 as against 4,000 for an infantry division, there is a smaller proportion of cycles and a greater proportion of heavy vehicles requiring more rubber. While tanks don't run on wheels, hard rubber "bogey" wheels are used inside tank treads and these are "tires" as far as the tank is concerned.

A Canadian armored division requires 600 three-ton trucks against 500 for the infantry division. Of the lighter 15 cwt. trucks, the armored division uses only 525 against 800 for the infantry division. The three-ton lorries include two types with 134-inch and 158-inch wheel bases for general service. Three-ton lorries, of course, require a good weight of tire.

Many 'Plane Tire Types

While the army requires a great variety of tires, aircraft require an even greater number. Canada's rubber industry makes them all—tires for every military purpose. Even the huge 6½-ft. high tires for bombers are made by the Canadian rubber processors. The great number of types of aircraft causes a great variety in tires.

A tire for an airplane is a very different proposition from a tire for an army vehicle. Airplane tires are built particularly with landing and take-off in mind. They don't have the mileage built into them that we find in the army tire. They don't require a tread to secure purchase as the propeller is the motivating force.

Why Rubber Essential

Rubber tires aren't essential to the armed services just because they provide a smoother ride which could probably be achieved by more elaborate shock absorber systems. Rubber tires give better traction and where bad roads may have to be travelled, traction is all-important. Equipment moving on rubber tires is much more mobile than equipment on any other type of tire at present used. Even searchlights and guns are now mounted on rubber wheels for increased mobility. In fact, one authority stated that he could not think of one important item of army equipment that is not now mounted on rubber tires. The speed of an infantry division must necessarily be limited to the speed of its component parts and this undoubtedly accounts for the all-round equipping of vehicles with rubber tires.

Must Have Rubber

While civilians won't see much further rubber, tires for military equipment must and will continue to be produced. If a shortage of rubber for military services develops, requisitioning of civilian tires might become a necessity. Fortunately a company organized by the Dominion government undertook stockpiling of rubber about a year and a half before the situation became really critical. This supply and what can be reclaimed, it is hoped, will be sufficient for military requirements until synthetic rubber starts pouring forth. But future requirements cannot be accurately predicted. Every time the sights are raised on our war effort, it means more rubber is needed.

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Artillerymen Train at Debert

Wearing their rain capes and tin hats, members of an artillery unit training at Debert Camp in Nova Scotia wheel a field gun into a camouflaged position. *Photo—Public Information.*

War Rubber Uses

ARMY—
Military vehicles and in some cases in treads of tanks and universal carriers, motorcycles, etc.
Tires for 25-pounder guns.
Padding inside tanks, universal carriers, to protect crew.
Lining for steel helmets.
Capes.
Anti-aircraft gun mountings and predictor equipment.

AIR FORCE—
Tires for planes and vehicles.
Inflatable life rafts and "Mae Wests."

NAVY—
Life preservers.
Gun sights.
Boots.
Sou'westers.
Cables, wiring, etc.

A. R. P.—
Firemen's coats.
Tarpaulins.
Auxiliary pumps, ambulances, fire trucks.

ALL SERVICES—
Medical supplies.
Hose.
Gas masks.
Insulated wire.
Clothing.

Army Tires Need Much Rubber

Canada Adopts Three-way Programme to Meet War Needs

Rubber has become precious as gold in furtherance of Canada's war effort and it is now a criminal offense to cut, burn or destroy any kind of rubber tire.

In the months immediately ahead and probably the years ahead Canada must husband her rubber supply as she never did before.

Its use for non-essential civilian purposes or waste in any form directly affects one of Canada's major war efforts—the manufacture of armored cars, tanks and transport vehicles, all of which consume large quantities of rubber.

Cut Use 25,000 Tons

Civilian consumption of rubber this year must be reduced by some 25,000 tons. Only products which are absolutely essential will be made for civilian use when present stocks of manufactured products are consumed.

The remarkable change in the use of a material which has come to be so commonplace in everyday life arises not out of increased use of the material but from the cutting off the sources of supply.

With the Japanese overrunning the Malayan Peninsula and threatening the Dutch East Indies—the two most important sources of the world's supply of raw rubber—Canada and the other allied countries face one of the most pressing problems created by the war.

Source Cut Off

Ordinarily Canada uses about 60,000 tons of rubber a year, of which quantity about 20,000 tons represent reclaimed or scrap rubber.

Nearly all raw rubber used in Canada came from British Malaya.

Canada and the other Allies are meeting the problem of supply stoppage in three ways—conservation, development of other sources of raw rubber and establishment of synthetic rubber plants.

As the government expressly prohibits speculation as to size of rubber stocks, it is not possible to hazard an opinion on the sufficiency of present supplies. All that can be done in appraising the situation is to show what has been and is being done to make rubber available for war purposes.

War Contracts First

The government policy is dictated by one principle—war contracts must be filled first. After full deliveries for war contracts and new war orders have been assured, manufacturers may make deliveries of orders for civilian use on the restricted basis.

There are scores of non-essential items made of rubber for civilian use. These products will no longer be made. They will be off the market when present supplies are exhausted.

The biggest drive has been aimed at the use of rubber for tires and tubes used for civilian purposes because over half the rubber used in Canada goes into the manufacture of tires and tubes.

In enforcing restrictions on this branch of the rubber industry, the government has taken a major step toward the conservation of rubber for wartime use.

The importance may be better appreciated with a realization that one tire on a huge army truck may use as much rubber as required to make 23 tires and tubes for the ordinary passenger vehicle.

Even little army trucks need far more rubber than the ordinary passenger automobile tire; the smallest army tire calls for 27 pounds of rubber, twice as much as the ordinary tire.

The government has gone even farther in respect to conservation of rubber for use in tires and tubes for civilian use, by ordering a reduction of 15% in the amount of rubber used for such products.

Alan H. Williamson, Controller of Supplies for the Department of Munitions and Supply, put the case succinctly when he intimated that how long the motorist stays on the road will depend upon how well he looks after the tires he already has.

Must Have More

On the other hand the problem is by no means solved merely through conservation of existing supplies. Other sources of raw rubber and synthetic rubber must be developed.

Out of every 100 pounds of rubber used in the world, 87 pounds came from Malaya and the Netherland East Indies. From Ceylon came about 5% and from all the rest of the world a mere 8%.

With Malaya out of the picture, the available supply is reduced 42%. If the Netherland East Indies are overrun by the Japanese, the remaining sources will be able to supply only 13% of the world requirements.

That means for the time being Canada is going to get little or none of the new rubber made available to Allied Nations.

She must fend for herself to a very large degree.

Brazilian Rubber

The prospects of developing new sources of rubber are not overly good; at least in the near term.

Wild rubber trees still are abundant in the lush jungles of the Brazilian state of Para, Amazonas and Mata Grosso as they were early in this century when Brazil was the world's chief supplier of raw rubber. Only the rubber gatherers who used to roam through the jungles, tapping wild rubber trees and then curing the latex, are missing.

In 1912 Asiatic plantations established by the British in Ceylon and the Malay States with seeds imported from Brazil began to produce rubber for export. From that time on Brazil's wild rubber industry went into rapid decline.

Official figures of the Brazilian government show that in 1912, exports were 42,410 tons, against 28,518 tons exported from the British plantations of Asia. In the following year Brazil's rubber exports fell to 39,370 tons, while those of Asia rose to 47,618 tons.

Trade Picking Up

In 1932 only 6,500 tons of rubber were exported from Brazil—less than the nation sent abroad in 1870 and not much more than enough needed to meet Canada's requirements in one month.

Last year Brazil's rubber exports rose to 20,000 tons.

Many experts are convinced that more than 100,000 tons could be taken out annually from Brazil in a short time and even more later.

The industry can be re-established if steps are taken to help the Brazilians.

Build Synthetic Plants

Even with the re-establishment of the Brazilian rubber industry, the 100,000 tons or more which might be made available will not be sufficient to replace the loss from the Far East.

Other steps must be taken to reinforce the supply of rubber. The strongest hope of the Allied Nations lies in the establishment of synthetic rubber plants.

In the United States plans have been laid for the expansion of synthetic rubber plants.

In 1941 synthetic rubber production in the States totalled 12,000 tons.

Following Pearl Harbor, the government immediately decided to step up the then rated capacity of 40,000 tons to 400,000 tons annually. The latter figure is expected to be reached in 18 months.

Last month U. S. defense officials said that enough raw materials were in sight for one half the expanded programme, including petroleum, natural gas, alcohol, styrene (a coke industry by-product) and 20 other chemicals.

There are those both in the U. S. government and industry who feel that it will be a little short of a miracle if the 400,000 ton synthetic rubber programe is completed and in operation by the middle of 1943.

When the programme is completed the Allied Nations will not have need to be unduly concerned about the rubber or synthetic rubber supply for war needs.

The situation is too serious to await completion of the U. S. expansion programme.

Canada Keeps Pace

This month the Canadian government announced its decision to embark on the manufacture of synthetic rubber from petroleum.

The base plant will be located at Sarnia — end of pipe line carrying petroleum to Canada from the United States—and cost in the neighborhood of $40 millions, with the work scheduled for completion in about 15 months.

No particulars have been made as to the size of this plant.

This is the largest figure ever reported and compares with $8.3 millions in 1925.

Official secrecy makes it impossible to set out the full story of Canada's rubber situation. All that can be said with any degree of certainty at this time is that civilian use of rubber will be rigidly restricted to absolutely essential products. This is a situation which will likely last for the duration of the war; perhaps for some time thereafter.

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and worse than death
is life in slavery.

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Order of National War Labour Board to Employers and Employees:

AN employer who was not paying his employees a cost of living bonus prior to February 15, 1942, may not start to pay such a bonus on or after that date, nor may an employer who has been paying such a bonus now increase it unless he has specific permission from a War Labour Board.

Whether in the future a bonus may be paid or changed in amount will depend on the National War Labour Board's announcement in May 1942, with respect to any change in the cost of living index between October 1941, and April 1942, unless in a particular case a War Labour Board has given specific permission to do otherwise.

By Order of the National War Labour Board

HUMPHREY MITCHELL
Minister of Labour and Chairman

Ottawa, Canada,
February 16, 1942

Photo—Public Information.

Anti-gas equipment to be fully effective must cover the wearer completely. Standard equipment of the modern fighting force, large Canadian plants are engaged in its production. Manoeuvres in anti-gas equipment are hot work. Photo shows refreshment period for engineers at Petawawa.

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This Market Can Take Every Ton We Produce

Chemical Pulps Play Vital Wartime Role

By JOHN LANGDON

MONTREAL. — Chemical pulp manufacturing operations in Canada are on a capacity basis for the duration of the war. A market exists for every ton that can be produced.

Over half of the world is now dependent upon this country for all or part of its chemical pulp requirements.

This is particularly true of the United Kingdom and the United States which, in pre-war days, looked to the Scandinavian countries to provide the larger part of their pulp imports.

Now they look to Canada for this vitally necessary product — vital not only for paper needs, but as the raw material for explosives and artificial silk or rayon.

Part of War Effort

Chemical pulps enter directly into the war effort.

It requires a carload of blueprint paper—made from sulphite pulp—on which to set down the detailed drawings for a battleship.

High grade sulphite is the base for cordite; it has largely replaced cotton linters for this purpose.

Acetate and viscose rayon yarns are made from the same product.

Special wrapping papers for ammunition come from chemical pulps.

Then, too, there are the host of paper products essential for communications, the running of governments and the conduct of business.

Chemical pulps have gone to war in no uncertain manner.

Canada in Key Position

With the Scandinavian countries cut off as a source of supply, Canada is by far the most important producer, with an exportable surplus, among the United Nations.

Since the war started the pulp industry of this country has achieved wonders in making available additional supplies to meet the needs of the United Kingdom, the United States and various parts of the British Commonwealth.

Set Output Record

The production of all pulp last year amounted to roughly one million tons. This was the largest volume ever produced. It was 10% more than in 1940 and double the annual production that prevailed between 1931 and 1935.

The achievement in respect to chemical pulps has been even more impressive. In the first full year of operations before the war broke out, Canadian mills produced 335,000 tons.

In 1939 production was stepped up to 465,000 tons. The following year 650,000 tons were produced and last year 805,000 tons.

By far the larger share of this increase was in the sulphite pulp field — both bleached and unbleached. These are the pulps which are so vitally needed at this time, though there exists a very active demand for sulphate and other grades.

Domestic consumption has increased, but most of the additional output has been for export account.

Wanted for Export

Requirements of the Canadian government and private business throughout the country have increased very substantially since the war started. But domestic requirements account for a relatively small proportion of the total output.

The problem which the pulp industry of this country has faced is in meeting the urgent demands of the U. K. and U. S.

Right from the start of the war the chemical pulp manufacturers organized themselves to handle the export business. Demands for special types of pulp were allocated to certain mills, which in turn were able to call upon other mills for supplies to meet the needs of their regular customers.

As a result of this close corelation of production facilities—all on a co-operative basis—chemical pulp manufacturers were able to report an increase of 40% in the volume of shipments to the United Kingdom in 1941. Figures as to actual shipments are no longer available, but the effort put forward by the industry may be judged by the fact that last year's exports were 3½ times those of pre-war years.

While meeting the requirements of the U. K., the Canadian chemical pulp producers were also doing a notable job in connection with demands from the U. S.

Shipments to that market in 1941 were a third greater than the year before. Without this additional pulp the U. S. wartime industries would have been seriously handicapped.

No Idle Capacity

For many months past every available ton of pulp capacity has been utilized.

This capacity has been supplemented by the newsprint companies which have had sulphite pulp-producing capacity over and above their needs for newsprint paper.

It is questionable if Canada will be able to make available any large increase in chemical pulps for export this year.

On the other hand the fine paper manufacturers have taken steps to conserve on their use of chemical pulps through standardization of grades and weight of papers.

This will enable them to make available a larger quantity of paper to meet the greatly increased demands from both domestic and export sources, but it is doubtful if the exportable surplus of pulp will be increased.

Americans Form Pool

The need for sulphite pulp has grown so acute, especially to meet the demands of the U. K. for explosives and yarns, that the War Production Board in the United States has ordered formation by the American industry of a pool to expedite lend-lease shipments of more than 24,000 tons of bleached and unbleached sulphite to the U. K.

Ten U. S. companies, with stocks of these two types of pulp, have been asked to provide the maximum tonnage for shipment to Britain. Their own contracts with domestic consumers of these pulp products will be filled by other pulp and paper companies in the industry.

The 24,000 tons scheduled to be shipped to the U. K. by the American pulp operators covers the allotment to Britain for February and March.

Britain will require about 200,000 tons of sulphite and other pulps this year. American production is not sufficient to meet these extraordinary demands. The pooling scheme will relieve some of the pressure which has been put on a number of companies and will tend to distribute evenly existing stocks.

Many Firms Involved

The American companies which have been asked to allocate bleached and unbleached sulphite pulps are Brown Co., Soundview Pulp Co., Weyerhauser, Eastern Corp., Rayonier Inc., Spaulding, Crown Zellerbach Corp. and Puget Sound Pulp and Timber Co.

Canadian pulp operators will have the responsibility not only of filling out the shortage which exists between the quantity supplied by the American operators and the amount required, but also in meeting the demands of American converters.

The Canadian companies which are primarily expected to meet these demands for sulphite pulps are Canadian International Paper Co., Great Lakes Paper Co., Fraser Cos., Lake St. John Power and Paper, Abitibi Power & Paper, Brown Corp., B. C. Pulp and Paper, Port Royal Pulp and Paper, Gaspesia Sulphite Co. and Donnacona Paper Co.

More Newsprint Used In States

From Our Own Correspondent

MONTREAL. — Total apparent consumption of newsprint paper by all United States publishers during January was slightly larger than a year ago.

Consumption last month totalled 309,351 tons. This contrasts with 306,468 tons a year ago. As compared with January, 1940, there was an increase of 8.3%.

Newsprint Ratios On Higher Scale

Both Production and Shipments in January Well Above Average

From Our Own Correspondent

MONTREAL. — Both production and shipments of Canadian newsprint paper in January, in relation to capacity, were considerably higher than in like months of preceding years. Production last month was 84.4% of capacity, or nearly 18% above that reported in January, 1941: Ratio of shipments to capacity was 79%, a gain of equal proportions.

In view of the increase in capacity ratings in recent years, returns for last month are even more striking.

Ratio of production to capacity and shipments for January of the last six years follows:

(Ratio to Capacity)
January

	Production	Shipments
1942	84.4	79.0
1941	71.5	66.6
1940	68.5	66.7
1939	59.8	57.9
1938	65.4	49.7
1937	92.2	80.8

Note:—Capacity has increased from 4,293,361 tons in 1937 to 4,391,400 tons annually in 1942.

U.S. Takes Over Paper Vessels

Canadian Vessels Also Affected; Use Ships in South American Trade

From Our Own Correspondent

MONTREAL. — Ocean-going vessels, either privately owned or operated under charter, carrying newsprint from mills served also by railroad, will be taken over by the U. S. Maritime Commission. Word to this effect has been received by the American Newspaper Publishers Association from Ralph Keating, assistant director of the U. S. Emergency Shipping Division.

Assured by the railroads that they can handle the newsprint now moving via water, the Maritime Commission is acting to place the ships taken over in the South American trade in line with the U. S. "good neighbor" policy.

Vessels will carry newsprint southbound and sugar and other essential commodities on the return voyage. Not only are American registry boats subject to requisition, but Canadian vessels as well, under an American-Canadian understanding to implement the Merchant Marine services.

Newsprint Sales Abroad Higher

Newsprint paper exports from Canada in Jan., 1942, reached the record figure of $12.6 millions, against $9.7 millions for Jan., 1941.

Other branches of the industry recorded sharp increases in export trade. Shipments of wood pulp last January had a value of $7.3 millions compared with $6.2 millions in Jan., 1941.

B. C. Guards Its Forests

Plant 10 Million Douglas Firs This Year

From Our Own Correspondent

VANCOUVER.—With more than 3.5 billion board feet of timber being cut each year, in addition to loss of forest by fire, British Columbia has decided that the time has come for a realistic policy of conservation.

For the time being at any rate, the province's programme to rehabilitate its forest areas will be much more moderate than the situation probably requires, but an all-out reforestation plan would cost millions of dollars annually, is out of wartime plans.

Cutting Exceeds Growth

From the long-term standpoint British Columbia's forests, the largest in the British Empire, are the source of tremendous potential wealth, but intensified cutting due to war demands in recent years and a parsimonius policy toward forest protection have made the timber loss far in excess of new growth.

This year the provincial government will plant 10 million young Douglas fir trees, chiefly in denuded timber areas on Vancouver Island. This will form part of a continuous programme aimed at perpetuation of British Columbia's forest industries.

Coupled with this effort, logging companies are being required to exercise more care in slash disposal so as to reduce the hazards of fire.

British Columbia is being called on this year to produce nearly as much lumber as all the rest of Canada combined—a performance that was approximately accomplished last year.

Forester's Viewpoint

This view was emphasized by Chief Forester C. D. Orchard in addressing the British Columbia Legislature recently.

"Modern organization and production," he said, "have become so involved that failure of one cog in the machine may have a mighty influence, and wood always has been and continues to be a very sizeable cog in the machine of human endeavor. Tanks, guns, and airplanes are spectacular and appeal to the public imagination in a manner that such a humble product as wood can never do. Nevertheless, wood occupies a place among the first necessities in the war scheme, as it does in our more peaceful pursuits.

"Forty years ago soap was soap and wood was wood. If you weren't actually washing your face with one or driving nails in the other you could be reasonably sure they had nothing much to do with your occupation and surroundings of the moment. Today soap means such things as shoe leather, gloves, playing cards and barbed wire, and wood means a long list of things, and processes and influences, tangible and intangible, most of which have an intimate bearing on our war effort.

Wood in Warfare

"These things and processes and influences dependent on wood range from the little bit of carbon that changes iron into steel, through packing cases in which war materials are fabricated, to the cellulose from which the explosive in the gun is made; through airplanes, ships and railways; paper, clothing and trade balances. A complete catalogue would be tedious, but we should note particularly two outstanding aspects which are of first importance. These are war construction and international trade balances.

"In the field of war construction we have the immensely important housing of expanded war industries, the housing of troops, and the urgent repair of damage in beleagured Great Britain.

"The past 40 years have seen the development of the skyscraper and an industrial building technique dependent on steel and cement. Wood had been practically excluded from these major building projects. Under emergency conditions steel and cement have failed us badly. Had it been necessary to depend on cement and steel it would have been quite impossible to expand production to take care of the enormous war demand. Wood, on the other hand, has come into its own. Doubling and tripling production presented nothing more than minor problems of labor and work hours; while improved methods of fabrication, newly devised connectors, laminated construction, and like innovations disposed satisfactorily of mechanical problems. Several hundred airplane hangars, housing for hundreds of thousands of troops, shipyards and factories without number, have taken shape, thanks to wood, in the course of months instead of years. Such building as that erected locally for aircraft construction, where they have 200,000 square feet of plant without benefit of steel, except nails, bolts and connectors, would have been quite impossible without wood.

B. C. Meets Half

"In the immensely important item of sawn lumber British Columbia produces about 50% of the Canadian total, and produces qualities, species and sizes unobtainable elsewhere. Airplane hangar and other heavy construction timbers and airplane spruce, for example, come exclusively from this province and the industry here has literally accomplished the impossible by stepping up production schedules overnight to the full requirement of emergency demands. The Timber Controller has stated that not one of the hundreds of military construction jobs throughout the Dominion had to wait an hour for delivery of lumber.

"In this day of interlocking and interdependent industries and services that finds individual, province and nation dependent on soap for its shoe leather, coal for its dyes and flavoring extracts, codfish for its "sunshine," and wood for its clothes and explosives, only a fool or a genius would attempt to classify our basic products in a series of absolute relative importance; but of these few things we can be sure: (a) We have wood in enormous quantities for the taking, (b) Wood is the most useful and versatile material available to man for emergency work, and war work is exclusively of emergency character. (c) Wood is the raw product for the manufacture of a long list of war essentials, and more particularly is the largest and cheapest source of indispensable cellulose.

"We may not be able to assign wood to its exact position in the catalogue of essential war materials, but we can be assured that forest production to date has been of prime importance in our war effort and that a continued and sustained stream of logs, lumber and pulp are one first essential to final success."

Fast Unloading Newsprint Urged

U. S. Papers Asked to Clear Freight Cars to Assure Orderly Supply

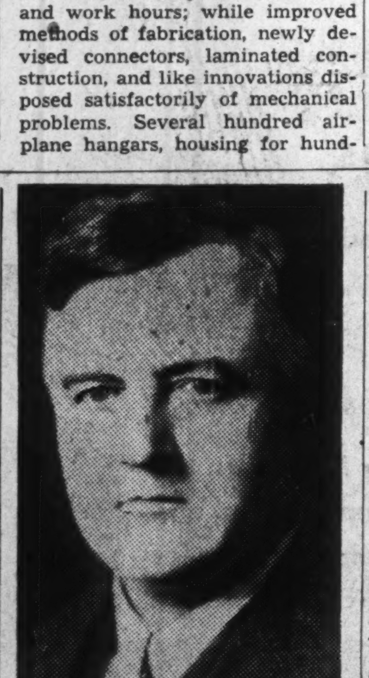
From Our Own Correspondent

MONTREAL. — Members of the American Newspaper Publishers Association are being urged to speed up the unloading of newsprint in order to help ease U. S. railroad problems.

The association points out there is no basis for anticipating a shortage of newsprint production in 1942. On the other hand, there is the question of the railways being able to handle the heavy wartime traffic without impairment of service. The carriers themselves believe they can, a view backed by an independent survey of the A.N.P.A. At the same time the U. S. publishers are urged to help by bettering their newsprint unloading time average.

The A.N.P.A. estimates 112,000 cars will be loaded with Canadian newsprint and 41,000 cars loaded with American newsprint, or a total of 153,000 loaded cars during 1942.

Last year the approximate time for unloading a car of newsprint was less than eight hours. This was based on an average of over 53,000 cars of 236 newspapers located in all directions in the U. S.



JOINS "CEMENT" BOARD

J. McG. Stewart, Halifax, has been elected a director of Canada Cement Co. Mr. Stewart is Coal Administrator and holds directorships in a number of companies, including the Royal Bank, Montreal Trust, etc.

U. S. Publishers Move To Protect Materials

MONTREAL. — Publishers and representatives of various national, regional and state newspaper associations in the United States have created a committee on war cooperation which, among other things, is designed to conserve newsprint.

A resolution passed at the meeting requested the proper agencies of the government to keep newspapers informed promptly of any change in the status of contributory factors in newspaper publishing, such as availability of materials, machinery, man power, transportation, etc., so that conservation programmes may be adjusted to conform to war demands.

U. S. Publishers Add to Stocks

Returns Indicate Some Accumulation Beyond Normal Needs

From Our Own Correspondent

MONTREAL. — Some accumulation of newsprint paper stock by U. S. publishers is indicated in the returns for January.

Apparent total North American stock of newsprint at the end of last month, according to the Newsprint Association of Canada, was 798,079 tons. This is the largest monthly total reported for any month since April, 1938.

The increase was wholly due to a further accumulation of stock by the publishers; mill stocks being below average.

Stocks of Newsprint
(End of January)

	1942	1941
Mills:		
Canada	143,477	170,275
Newfoundland	73,933	73,976
U. S.	11,427	18,438
U. S. publishers	568,242	446,534
Total	798,079	709,223

New Books

Canadian Reference

THE CANADIAN ALMANAC and Legal and Court Directory. Published by The Copp Clark Co., Toronto. Price $7.

Valuable, and long-established Canadian work of reference is the Canadian Almanac. This, the 95th edition is bigger than in previous years, running to 724 pages.

In addition to the information contained in previous issues which has been revised and brought up to date, the book lists the government officials administering new government regulations such as price ceiling, licensing of Canadian businesses under the Wartime Prices and Trade Board, wage and salary control, unemployment insurance, etc. It also contains a resume of the new Dominion Succession Duty Act. Other features of the new issue are the names of the members in the new legislatures and cabinets in the provinces which held elections in 1941 and preliminary figures of the 1941 census for cities, towns and villages, so far as available.

Who Should Pay for Roads

AMERICAN HIGHWAY POLICY. By Charles L. Dearing. Published by the Brookings Institution, Washington. Price $3.

This volume has resulted from a survey of various principles of highway financing in different countries. It is an endeavor to answer the question of who should pay for good roads. The author divides highways roughly into three classes: those serving interests of national defense, where the central government should make a contribution; "general purpose" roads which should be paid for and maintained by taxes on motorists; and highways designed to provide access to farms, schools, etc., which are properly a local government charge.

Canada's Navy Grows Up

THE ROYAL CANADIAN NAVY. By Ernest H. Bartlett. Published by the Macmillan Co. of Canada, Toronto. Price 25 cents.

An attractive, illustrated study of Canada's navy at work by a newspaperman who has long been interested in, and loved, the subject.

Things to Come

PEACE BY POWER. By Lionel Gelber. Published by Oxford University Press, Toronto. Price $1.50.

Lionel Gelber, who lectures in modern history at the University of Toronto, is emerging as one of Canada's most clear-sighted thinkers and talented writers on the political problems of the modern world. This compact volume will add another row of stones to the solid foundation of his reputation laid by his impressive work on "The Rise of Anglo-American Friendship."

"Peace by Power" is labelled by the publishers as the plain man's guide to the key issue of the war and of the postwar world. But it is more a series of warning signs than of guide-posts. Mr. Gelber seeks to dispel illusions. The illusion, for example, that "Union Now" offers any hope of enduring peace. The further illusion that "social reform," on the lines of Leftist urgings, is a sure means of escape from political turmoil.

He is scornful of the present tendency to "smear" the balance of power. He wants the balance of power to be restored; but he wants to make sure that the power is held by Britain and the United States, adequately armed with weapons to hold the balance and thus insure against the rise of peace-breaking aggressors.

Canadian Law List Makes 1942 Appearance

THE CANADIAN LAW LIST. Henry Cartwright, editor; published by Canadian Law List Publishing Co., Toronto. Price, $5.

Slightly more than 7,500 Canadian lawyers, of whom 11% are on Active Service, are listed in the 1942 edition of the Canadian Law List. The editor of this 795-page publication has compiled a wide range of information connected with the legal profession.

The Canadian Law List synopsizes the laws of each province, the jurisdiction of the various courts, names and locates the judges, magistrates and other officials of courts across Canada. The composition of various official governmental boards is also included. Since 1856 the Law List has served the legal profession of Canada.

United Services Buys Tramway

Saint John Urban System Taken Over by Halifax Company

From Our Own Correspondent

MONTREAL. — United Services Corp., of Halifax, has purchased the Saint John, N.B., tramway system of New Brunswick Power Co., according to R. W. Harris, vice-president of United Services. No particulars are available as to the price paid.

It is announced that United Services will place a number of its buses in operation immediately to relieve traffic congestion in some sections of the city and district. Eventually, the whole system will be motorized.

For some years past N. B. Power Co. has been endeavoring to dispose of its tramway and power properties. At various times negotiations have been opened up with the city, but no agreement reached.

Need of Equipment

Lately the tramway system has been on a paying basis, but difficulty has been met in handling the greatly increased traffic. The city has offered to guarantee the investment if new buses were bought.

There is still a possibility the city may take over the power distribution system which is in competition with that operated by the municipality.

There is no public investment interest in N. B. Power Co., practically all of the capital stock is owned by Federal Light & Traction Co., which has advanced substantial sums to cover bond interest, capital outlay and other charges.

United Services Corp. operates Acadia Coach Lines and holds control of a number of bus companies, service stations, etc., operating in Nova Scotia.

Oka Sand Plan Ready Shortly

From Our Own Correspondent

MONTREAL.—Reorganization for Consolidated Oka Sand and Gravel Co. will shortly be submitted to the bondholders, according to Frank M. Ross, president, in the 1941 annual report.

No official information is available on the proposed scheme, but the financial statement would indicate the bondholders will be asked to accept an income bond. At the same time it would appear the stockholders' equity, represented by $701,700 of 7% first preferred and 21,000 shares no par value common stock, will be wiped out.

At the end of last year Consolidated Oka Sand had outstanding $671,000 of 6½% 20-year first mortgage sinking fund bonds, due Nov. 1, 1948. Interest due and unpaid for the period from April 30, 1932, to Dec. 31, 1941, totalled $421,611, making the total claim of the bondholders $1,092,611.

The financial statement shows that the company has operated at a loss every year since 1931. The last time bond interest was covered in full was in 1930.

According to the 1941 balance sheet the company had total assets of $2,080,793, including a deficit account of $512,537. Including bond interest due and unpaid, there is working capital deficit of several hundred thousand dollars and excluding that item, net working capital totalled less than $30,000.

Properties are carried on the books at $1,460,161. There has been no provision for depreciation on these properties for 10 years. It is more than likely the values placed on the fleet, real estate, plants, equipment and mining rights will have to be written down substantially.

City of Stratford, will make application at the current session of the Ontario Legislature for a by-law authorizing the issue of $25,000 debentures for purchase of the artificial ice plant and real estate of Stratford Arena Gardens Ltd. and a further sum of $5,000 for improvements.

Toronto and Montreal Exchanges

The following table is confined to official prices for listed stocks, including club market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

THE WEEK'S QUOTATIONS

WEEK ENDING FEBRUARY 23

Range 1942 High	Low	Div R'te $	Feb21 Y'ld %		Sales	Last Feb. 16	Week end. Feb. 23 H	L	Cl'se
				A					
.70	.40	.	...	Abitibi	2100	.65	.65	.60	.65
7	4¾	.	...	Do. pref. 6%	305	5½	5½	4¾	5½
13	13	.	...	Do. pref. 7%	....	(13 bid 15½ asked)			
†3	1	.	...	Acme Glove	....	(3 bid 4 asked)			
60	60	6.50	10.8	Do. pref.	....	(— bid 60 asked)			
13	13	80+20c	8	Agnew Surp.	....	(12 bid — asked)			
†108	105	7	6.6	Do. pref.	....	(108½ bid 110 asked)			

Range 1942 High	Low	Div R'te $	Feb21 Y'ld %		Sales	Last Feb. 16	H
16¾	15	1	6.3	Ford Motor A	1468	26½	16½
17	15¾	1	5.9	Do. (B)	....	(15½ bid	
†.15	.15	.	...	For. Pr. Secs.	....	(— bid	
16½	14	1+25c	8.9	Foundation Co.	50	14½	14
13	9	.	...	Fraser Cos.	3	12	9
13½	11	.	...	Do. Vot. Tr.	120	11¾	11½
†.50	.50	.	...	Freiman	....	(.50 bid	
†55	41	‡4.50	...	Do. pref.	....	(50 bid	
6	5	‡60c	..	Gatineau Pwr.	440	5½	5½
74	68	5	7.2	Do. pref.	22	70	70
80	76	5.50	7.2	Do. 5½% pref.	10	77	76

Oil Quotations

Par Val.	Range 1942 High	Low	Company	Sales				
No	.07	.06	Mill City Pete	......	(.05½ bid .07½ asked)			
1	.20	.15	Model	......	(.14 bid .... asked)			
25c.	.04	.04	National Pete	......	(.04 bid .... asked)			
1	.03	.03	Nordon	......	(.03 bid .... asked)			
No	.40	.34	Okalta	......	(.... bid .36 asked)			
No	.03	.03	Pacalta Oil	......	(.02½ bid .... asked)			
1	.15	.15	Pacific Petroleums	3,000	......	.15	.15	.15
No	.05½	.04½	Royal Canadian	*1,150	.05	.05½	.05	.05
No	†.10½	.06	Royal Crest	......	(.... bid .... asked)			
No	18.63	17.00	Royalite	2	18.25	17.00	17.00	17.00
No	.05	.03½	South End	......	(.... bid .04½ asked)			
No	.20	.15	Southwest Pete	200	.17	.15	.15	.15
1	*.05½	.02½	Spooner	......	(.... bid .... asked)			
25c.	.09½	.08½	Sunset Oil	1,000	.08½	.08½	.08½	.08½
No	.04½	.04	United	......	(.03½ bid .04½ asked)			
No	.04	.04	Vanalta	1,000	.04	.04	.04	.04
1	.20	.16	Vulcan	......	(.... bid .15 asked)			

*Quotations for 1941. †1940.

Winnipeg Stocks

(Transactions from Feb. 16 to Feb. 21)

	Sales	High for period	Low for period	Close Feb. 21
Beaver Lumber, c.	50	3.00	3.00	3.00
Northern Trusts	10	7.00	7.00	7.00
United Grain Growers	1	11.00	11.00	11.00
Western Steel Prod.	105	9.25	9.25	9.25

Stocks Not Traded in During Week*

	Bid	Asked		Bid	Asked
Beaver Fire	75	..	Dom. Envelope p	96	99½
Beav. Lumber p	103	..	Fed. Grain c.	.35	1¼
Can. Indemnity.	150	..	Grouped Inc.	..	4½
Can. Airways	1	..	Nor. C. Mtge. un	5½	..
Corr. P. Box	.60	..	Traders Bldg.	44	..
Cres. Cream., p.	..	12	West. Brew.	1⅞	2⅛
Dom. Envelope c	..	9½	West. Grain, p.	..	7

*Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
Feb 24	4,000	3,200	104,000	......
Feb. 23	3,100	3,100	81,000	4,900
Feb. 21	3,500	2,200	46,000	5,125
Feb. 20	4,800	2,700	99,000	12,079
Feb. 19	6,100	7,300	173,000	16,900
Feb. 18	7,200	4,900	154,000	6,600

Unlisted Stocks

(Furnished by A. J. Pattison, Jr. & Co., Toronto)

Feb. 21, 1942

Industrials	Bid	Ask.
Acme Farm., pf.	46	..
Andian National	27½	29
Anglo C. Tel., A	5½	7
Atlas Steel	17	19
Barrymore, pfd.	36	..
Brant. Roof.	2½	..
B. C. Pulp, c.	9½	12
Do., pfd.	64	69
B. C. Sugar	70	74
B. C. Tel., 1st p.	111	116
Brown, com.	1½	1½
Do., pfd.	28½	30½
Burns & Co., A	4½	5½
Do., B	2½	3
Can. Co-op. Wl.	8	..
Can. Indust., A	147	..
Can. Ing. Rand	70	76
Can. Mot. L.A.B.	3½	..
Can. Tube, 1st p	77	82
Chase, A. W., p.	18	19½
Colonial Realty.	2½	..
Colonial Steam.	30	35
Copeland Fl. un.	13	15
Dunlop T. p. $25	19	21
Easy Wash. p $10	10	11½
Galt Brass, c.	9½	..
Goderich Elev.	6½	7
Guard. Realty p	10	12½
Guelph Carp., c	16½	18
Gurney Fdry. p.	1½	1½
Hayes Steel, c.	14½	16
Hi'land Dairy, p	49	..
Inglis, John	4½	5
Ingram & Bell p	93	..
Kingst. Ship. un	37½	40
Do., com.	6	7½
Loblaw, Inc., c.	12	13
Minn.&Ont. P. c	4½	4¾
M'row Screw, p.	103	105
Do., com.	13	16
Morrison Br. un	4½	6
Moirs, Ltd.	18	21

	Bid	Ask.
Neilson, Wm., p.	100	..
N. Meth. Ldy., p	60	65
Ont. Tobacco, p.	18	19½
Pac. C. Term., c	..	7
Prov. Paper, pf.	100	103
Quinte Milk	2½	3½
Stand. Fuel, p.	50	54
Stedman, pf. $50	55	58
Sutton Horsley	¾	1
Tor. Carpet, c.	50	..
Do., pfd.	66	71
Un. F. Co-op.	2½	3½
Un. Steel, A pf.	21	23
Viceroy Mfg., c.	12½	..
Trusts & Loan Stocks:		
Brit. Mtge.	125	135
Brockville Tr.	42	..
Capital Tr.	28	32
Comm. Fin., c.	3¾	..
Grey&Br. Tr. $50	43	..
Guaranty Trust	99	104
Guelph & O. $50	51	54
Indust. Mtge.	26	..
Lambton Loan	30	33
Midland Loan	14	16
Premier Trust	38	42
Sherbrooke Tr.	120	..
Sterling Trust	51	56
Th. Can. Inv. Tr.	1½	..
Traders Fin. A c	3	5
Do., A pfd.	..	70
Trusts&Gr., new	34	36
Victoria Trust	70	75
Waterloo Trust	99	.
Insurance Stocks:		
Canada Life	360	380
Brit. Amer.	51	53
Canadian Fire	79	82
Confed. 30% pd.	128	135

	Bid	Ask.
Cons. Fire Cas.	3½	
Continental L.	34	38
Crown, fully pd.	265	285
Dominion Fire	136	..
D. of Can. Gen.	112	120
Empire, 25% pd.	5	6
Excelsior 38% pd	70	74
Great-West Life	200	210
Federal, 25% pd.	52½	56
Halifax Fire	15½	17
Imperial Life	260	280
Manufac. Life	218	222
Monarch Life	32½	34½
National Life	10	16
Sov. L. 25% pd.	12	..
Sun Life	270	290
Tor. General	4½	5½
Wellington Fire.	58	..
Western Assce.	40	43
Theatre Stocks:		
Allen's, St. Cath., units	32	..
Loew's London p	2½	3½
Mansf. Theat. p	29½	32
Para., Kitch., p.	50	
Do , Oshawa, c	7½	9½
Investment Trust Shares:		
Can. Investors	4	5
Inv. Found. un.	41½	44
Sec's. Hold., pf.	18½	20
United Corp., A	19½	21½
Do., B	4½	5½
Power Issues:		
Can. W. N. Gas	25	27
Do., pfd.	101	..
Gt. Lakes Pr., p	101	105
Int. Util. $1.75 p	8½	14
Do., $3.50 pf.	29	..
Mtl. Isl. Pwr. p.	41	..
Nor. Ont. Pr. p.	71	75

Unlisted Mines

Toronto, Feb. 24, 1942

	Bid	Ask
Albany R Old	.03	.05
New	.08	.10
Am Kirk	.04	.05
Anoki	.02½	.03½
Aquarius	.20	.22
Arjon	.02½	.03½
Armistice	.06	.08
Argosy	.05	.07
Area	.02	.02½
B Larder	.02	.02½
Brock	.04½	.05½
Calder B	.02	.03
Canada R	.07	.08
Cent Man	.02	.02½
Cheminis	.03	.04
Coin Lake	.01½	.02
C Chiboug	.03	.04
Delpine	.04	.05
DeSant n	.07	.09
Dona Pat	.01	.02
Eastward	.07	.09
Elmos	.05	.06
Franco	.20	.30
Goodrock	.16	.18
Hasoga	.15	.20
Hayes C	.02½	.03½
Hoyle n	.09	.11
HP Porc	.02½	.03½
Hutch L	.01	.01½
Kewag	.01	.02
Kirk T	.07	.08
Laguerre	.05	.10
L Dufalt	.12	.14
L Geneva	.06	.08
Lowry P	.14½	.18
Magnet C	.40	.43
Magnet L	.13	.15
Marben	.20	.25
Mat Can	.02	.03
Martin B	.02	.02½
Mat Cons	.12	.15
McMarm	.10	.14
Mof H n	.01	.02
Mosher	.05½	.06½
McManus	.01	.02
Nat Mal	.22	.25
Nick Off	1.20	1.50
Norbeau	.15	.20
Norwin M	.03	.04
Newbec	.01	.02
N Ribago	.00¾	.01½
Numalake	.09	.13
Oklend	.03	.04
O'Leary	.03	.04
Opemiska	.05	.07
Orpit	.03	.04
Pascalis	.16	.18
Pontiac	.02	.04
Pelangio	.01½	.02½
Polaris	.02	.04
Propriet'	3.50	3.80
Presdor	.03½	.04½
Que Man	.12	.14
Rahn Lake	.00½	.01½
Rand Mal	.13	.15
Red Lake	.00¾	.01½
R D'Or	.01½	.02
S.A.G.A.	.50	1.00
Sachigo	4.25	4.75
Shenan n	..	.15
Sheldon	.03	.04
Skynner	.01½	.02
Springer	.10	.12
Stadacona	.05	.06
Thomsn L	.10	.12
Un Mining	.02½	.03½
Val D'Or	.15	.20
Wesley	.01½	.02½
Y Davids	.15	.17

Supplementary Stock Quotations

(Furnished by Plaxton, Cherry & McDonnell, Toronto)

Bid and asked as at Feb. 24, 1942, and change in bids from previous week:

Miscellaneous Stocks:	Bid	Ask.	Chge.
†Allens Tor. Th., p.	31½	35	unch.
Atlas Steels, 7% pfd.	105	106½	—½
Brinton-Peterboro Cpt.	39½	..	unch.
*Can. Gen. Rubber, pfd.	21	24	+½
Can. Mach., new c.	7¾	..	—½
C.P.R. 4% pfd. (£ par)	1.75	2.25	—.05
Cap. Wirecloth, p.	19	22.50	—½
Cawthra Apts., pfd.	2.10	2.65	+10
Century Finance c.	..	29	unch.
Comm. Life, 10% pd.	6½	7½	—½
Corrug. Paperbox, c.	1	1½	unch.
Dom. Alloy & Steel, c.	.10	.30	unch.
Do., com.	.10	.30	unch.
Dom. Life, 70% pd.	175	195	—1
Dover Industries	5.85	6.35	—.15
Eastern Steel, pfd.	19½	20.50	+½
†Fort W., Hotel, units	45½	49½	+1½
Hart Battery, com.	4½	4.60	+½
Imperial Varnish, c.	8	9½	—½
Indust. Accept., 5% p.	60	65	—½
London & West. Trusts	32½	35	—½
Mount Royal, new com.	3½	3¾	+.15
Murphy Paint, com.	8½	9½	+½
Do., pfd.	88½	90	+½
Nat. Hosiery, com.	.65	.90	—.05
Do., pfd.	.75	1.10	—.05
†N. Amer. Elevator, p.	79½	..	unch.
Do., 2nd pfd.	25½	..	+½
St. John Dry D., p.	99½	102	+½
Seal-o-Sac	.75	1.00	+.05
Tip Top Tailors Inc., un.	11½	14	—½
Traders Finance rts.	10	11	—½
Viceroy Mfg., 6% pfd.	22	23½	—½
Waterloo Mfg., new c.	.65	.85	+.05
Wentworth Radio, p.	2½	3	unch.
West. Can. Hydro, pfd.	10½	11½	+½
West. Life, 10% pd.	9½	10½	—½

*Issue carries arrears.
†Currently paying on arrears.

*Payable in Can. or U. S.
†Payable in Can. U. S. or U. K.
*Payable in U. S.
♦Payable in Canada only.
‡Traded without accrued interest.
▲Payable in Can. or U. K.

Municipal Bonds

Feb. 24, 1942

	%	Due	Bid	Ask	Yld. %
†Halifax	5	1961	113.00	115.00	3.99
Hamilton	5	1950	109.25	112.25	3.28
Montreal	5	1945	93.00	95.00	6.80
Ottawa	4½	1945	104.00	106.50	2.45
†Quebec	5	1959	109.00	112.00	4.17
Saint John	5	1950	104.00	106.00	4.17
†Toronto	4½	1955	111.00	114.00	3.18
†Vancouver	5	1950	100.00	104.00	4.40
Winnipeg	5	1944	100.75	103.87	3.00

†Payable Can. & N.Y.

Investment Trusts

	Bid	Asked
Affiliated Funds	1.96	2.14
Can. Amer. Trust	2.75	3.50
Can. Inter. Trust	3.25	4.50
Can. Invest. Fund	2.90	3.25
Corporate Investors	5.34	5.75
Trans-Canada	8.80	9.05

berta Beet Growers an for More Sugar

Increase Acreage to 28,000, Under Promise of Assured Market — No New Southern Alberta Factory

From Our Own Correspondent

THBRIDGE—Plenty of sugar he western prairies and ample r beet seed for the Canadian sugar industry are the object- Alberta beet growers have con- ed to the Dominion authorities. line with the plan to expand estic sugar production to meet time needs, acreage planted to ts in this region this spring will upped roughly 4,000 acres. Last son saw 24,000 acres raised, the tput of the fields of the 1,200 grow- going to the Rogers factories at ymond and Picture Butte.

Capacity 28,000 Acres

The mills have slicing facilities to andle beets from 28,000 acres but o more. If the beet industry is to e expanded beyond that point addi- ional factory facilities will have to e provided. War priorities make such expansion impossible at the moment.

This was made clear to the grow- ers by Philip T. Rogers of Vancou- ver, president of Canadian Sugar Factories, Ltd., when the two par- ties met in joint session in this city. Back in 1939 an agreement was en- tered into between the growers' association and the company, call- ing for the establishment of a beet sugar factory in the Taber-Barnwell district, 35 miles east of this city. The company agreed either to erect a plant, work to begin not later than 1942, or pay to the individual beet growers a premium based on their tonnage of beets as delivered in the years 1939, 1940 and 1941.

No New Factory

On account of wartime priorities, sugar rationing, building of a factory in Manitoba and other factors it had been found impossible to build a third factory in southern Alberta, hence the premium or penalty will be paid to the farmers. This will mean the distribution of some $110,000 to the beet growers of this region. This distribution will not be made until the sugar made from the 1941 beet crop has all been sold.

Mr. Rogers expressed the keen interest of the sugar company in the need for more irrigation in this region and also its interest in the development of other secondary industries based on agriculture. Specifically he mentioned the establishment of a process plant to operate on soy beans and flaxseed, to help meet Canada's need for vegetable oils. It was decided that a joint committee of the growers and company representatives would explore the possibilities of this enterprise.

Market Assured

S. R. Noble, Canadian sugar controller, has advised the beet industry here that the marketing of all 1941 sugar is assured and that an increased production this season is being provided for. The programme sets out a zoning system for the protection of beet sugar production in Alberta, Manitoba and Saskatchewan. It provides for limitation of cane sugar shipments to the prairie provinces to a very small percentage of soft sugars, which will be allowed shipment from the coastal refineries. In Manitoba no eastern sugar, cane or beet is to be sold, this market being reserved for the output of the Manitoba factory and the surplus of Alberta factories.

The beet industry has been assured by the government of an ample labor supply to take care of the increased acreage.

Canada Adds to Share U. S. Newsprint Market

From Our Own Correspondent

MONTREAL. — Reflecting the heavy volume of shipments during the month, Canada's share of total United States newsprint supply increased to 72% in January compared 67% a year ago.

Newfoundland's share increased to 5% from 4%, while shipments from the United States mills represented 23% of the total supply compared with 29% in January, 1940.

Toward a 100% War Effort

(Continued from page 17)

capacity available. He found in this file the record of a near-by plant, (with idle capacity due to curtailment of commercial business) which should be able to make the hook. This proved correct.

The very same day the prime contractor posed his problem to Ottawa, Ottawa was advised by the district office that the problem was solved. Production started the following day and in a very few days was up to 3,000 of the hooks per day. Possible delay of months and added expense was saved, and idle capacity put to work.

Many other prime contractors have been assisted in a similar manner.

While the Bits and Pieces organization looks on itself as strictly a service set-up it has the power to enforce subcontracting where it is thought advisable and even when the prime contractor is reluctant.

Before a prime contractor can get an O.K. for additional machinery to fill an order, a full investigation must be made of possibilities of subcontracting. Thus, if the office, from the wider information at its disposal, knows that the parts can be made in an existing plant, it will not approve the purchase of new machinery, all other things being equal.

Big Pool of Data

One of the most significant aspects of the new organization, apart from its effect on boosting Canadian war production, is the big pool of information which will eventually be collected on the capacity of any one district. The information already collected is bigger than any ever before collected, and it is growing every week. The aim is to keep this information up-to-date so that it will show a week-to-week picture of industrial situation.

Each district office is supplied with this information, as it pertains to that district. Ottawa can fit the district information into a broad pattern of Dominion plant facilities.

It is no reflection on the average Canadian industrialist to say that heretofore, he had no conception of the outside plant facilities available to him in his own district, on a subcontract basis. It may be that this lack of information is at least partially responsible for the isolated cases discovered by the I.S.C. branch in which the prime contractor was loath to subcontract, wanting to perform the whole order within his own plant, regardless of added cost in time or money.

In normal times, in cases where subcontracting was carried on, the part ordered was usually a standard unit. For example, most washing machine manufacturers order a complete electric motor from an outside firm. This rather comes under the head of ordering supplies rather than subcontracting. The idea of subcontracting to the extent now carried on is, therefore, something brand new to most Canadian manufacturers.

"Mother Hen" Idea

The I.S.C. branch is anxious, wherever compatible with efficiency, to develop the "mother hen" idea adopted in the United States. This visualizes a major plant in area surrounded by smaller plants to which it feeds out subcontracts for the job for which they are best equipped.

One thing Frank L. Jeckell, director-general of the branch, is determined on, is that the organization will be as free of red tape as possible.

Company Reports

Saskatchewan Life

Highlights of the annual report of the Saskatchewan Life Insurance Co. for 1941 are:

A gain of $320,000 in new insurance written.

An increase of $68,000 in insurance in force.

Higher total income.

Expansion in assets.

New insurance written during the year amounted to $1,095,257, while insurance in force increased to almost $8.5 millions. Total income was higher the increase being largely in interest and rents. Premium income was little changed from the previous year. Policy payments were higher at $180,521. Mortality experience, the report states, was not as favorable as in the two previous years. Death and disability claims were $35,829 compared with $20,429.

The company during the year invested $150,000 in the 1941 Victory Loan, bringing the total investment in Dominion Government issues to slightly over $400,000. The president announced it would invest $100,000 in the second Victory Loan this month.

Total assets were slightly higher at $1,979,981.

	1941 $	1940 $
New insurance	1,095,257	775,943
Insurance in force	8,479,128	8,411,148
Total income	321,114	288,090
Premiums	217,309	217,289
Interest & divds.	89,655	62,314
Policy payments	180,521	123,171
Assets	1,979,981	1,953,493
Bonds & debs.	665,635	540,971
Mortgages	545,144	622,697
Policy loans	338,560	370,913
Policy reserves	1,492,819	1,455,528
P'holders surplus	25,674	12,400

Western Life

Features of the annual report of the Western Life Assurance Co. are:

A gain of almost $480,000 in business in force.

New insurance written of $2 millions.

Total assets of $1.2 millions.

New insurance written during the year at a little over $2 millions was down slightly from the previous year. Insurance in force, however, rose to $7.5 millions, an increase of a little over $478,000. Premium income at $193,840 was about $19,000 higher than in the previous year while interest and dividends were $8,000 higher. The rate of interest earned on invested assets was 5.37%.

Total assets were slightly lower at $1,245,558.

	1941 $	1940 $
New insurance	2,002,437	2,016,213
Insurance in force	7,523,292	7,044,733
Total income	275,313	257,549
Premiums	193,840	179,375
Interest	65,555	57,017
Assets	1,245,558	1,263,816
Bonds & debs.	325,389	308,039
Mortgages	470,084	480,037
Policy loans	134,428	145,573
Policy reserves	973,371	943,783

Chartered Trust

While gross profits of Chartered Trust and Executor Co. improved $23,910 in 1941 to $125,213, a doubled tax bill and somewhat higher write-offs cut final net profit back to $5.25 a share from $5.44 in 1940.

Guaranteed trust account increased $1.1 millions during the year to total $5 millions, while a net increase of over $1.1 millions was registered in estates and trust assets under administration to total $21.4 millions.

By a final appropriation of $6,106 the company's equipment and furniture account has been entirely written of. Rest fund was increased by $150,000 to $250,000.

Income and Surplus Account Years Ended Dec. 31

	1941 $	1940 $
Net earnings	125,213	101,303
Less: Taxes	50,000	27,276
W/o off., furn., etc.	10,856	7,234
Pension fund	11,790	12,368
	52,567	54,424
Net profit		
Less: Dividends	40,000	40,000
	12,567	14,424
Surplus on year		
Add: Prev. surplus	226,963	212,539
Less: Tfr. to rest	150,000	......
Surplus forward	89,530	226,963
Earnings per share	$5.25	$5.44
Paid	4.00	4.00

Liabilities to Public As at Dec. 31

	1941 $	1940 $
Deposits	4,199,904	3,355,057
Guar. trust funds	976,678	719,469
	5,176,582	4,074,526
Secured by:		
Liquid assets	4,600,734	3,516,363
Mtges. & int.	575,848	558,163
Other net assets*	1,339,531	1,326,964
	6,516,113	5,401,490
Estates, etc.	21,413,827	20,241,836

*Capital account, liquid and other assets, less current liabilities, advance payments.

Canadian General Group

Common features of the annual reports of the Canadian General Insurance Co. and the Toronto General Insurance Co. which operate under joint management are:

Increases in net premiums earned.

Expansion in total assets.

Higher reserves and surplus.

Under an agreement between the two companies the underwriting income and expenses are pooled in the ratio of 55% to the Canadian General and 45% to the Toronto General. Pooling adjustments affect all figures in connection with premiums, reinsurance and claims.

Net premiums earned by the Canadian General in 1941 were $978,394, more than $44,000 above the level of the previous year. Net claims incurred amounted to $392,441, leaving an underwriting profit for the year of $585,952. The total loss ratio over all departments was 40.11%.

When all expenses are deducted, net underwriting profit of $234,239 is shown. Total assets rose almost $200,000, holdings of bonds, stocks and agents' balances being higher. Reserves of unearned premiums rose $18,000 and policyholders surplus $69,000.

Net premiums earned by the Toronto General were $818,903, a gain of $164,000 over the previous year. After deduction of losses, and expenses amounting to $351,189, a gross underwriting profit of $467,713 remains. The overall loss ratio was 42.89%. Net underwriting profit was $192,721.

Total assets during the year increased almost $200,000, holdings of bonds and debentures and stocks being higher. Agents balances due also showed a gain from the previous year.

Premiums reserve and policyholders surplus were both higher.

Important items in the two statements follow:

Canadian General

	1941 $	1940 $
Net prems. earned	978,394	933,707
Assets	2,127,843	1,934,324
Bonds & debs.	1,499,115	1,401,234
Stocks	241,173	234,737
Agents balances due	174,129	142,035
Res. unearned prems.	574,583	556,811
P'holders surplus	1,030,982	961,636
Loss ratio:		
Automobile	52.04	44.40
Casualty	34.01	35.84
Fire	35.41	34.63

Toronto General

	1941 $	1940 $
Net prems. earned	818,903	654,461
Assets	1,659,079	1,471,450
Bonds & debs.	1,179,384	1,018,742
Stocks	207,785	177,335
Agents balances	89,512	82,839
Res. unearned prems.	470,113	371,543
P'holders surplus	800,902	778,234
Loss ratio:		
Automobile	52.69	60.01
Casualty	39.43	40.11
Fire	36.71	34.63

Canadian Colonial Airways Ltd.

financial statement for 1941 is expected to show marked improvement over that reported in 1940. After all charges, including liberal provision for depreciation and taxes, the company is understood to have made a net profit of approximately $30,000, or about 30 cents a share on the outstanding capital stock. This would compare with $449 for 1940.

Wheat Prices

Winnipeg Grain Futures

Week to Feb. 23, 1942

Crop year from Aug. 1, 1941 High	Low		High for week	Low for week	Close Feb. 23
		Wheat			
.82¾	.76¼	May	.80¼	.79¾	.79⅝
.82⅛	.77½	July	.81⅝	.80½	.81⅛
		Oats			
.51½	.38⅛	May	.50¼	.49⅜	.50⅛
.51¾	.43⅛	July	.49	.48⅝	.49
.50	.46⅜	Oct.	.47⅝	.47⅝	.47½
		Barley			
.64¾	.49⅜	May	.64¾	.63⅞	.64¼
.64¾	.55⅛	July	.63⅛	.62⅜	.62¾
.63⅞	.57	Oct.	.61⅛	.60¼	.60⅝
		Flax			
1.64½	1.40¼	May	1.64	1.63½	1.64
1.64	1.48	July	1.64	1.63⅝	1.64
1.64	1.60	Oct.	1.64	1.64	1.64
		Rye			
.67⅜	.51¾	May	.66⅝	.66⅝	.66⅝
.66⅜	.60⅜	July	.66⅝	.66⅝	.66⅝
.66⅝	.66⅝	Oct.	.66⅝	.66⅝	.66⅝

Cash Quotations

	For Week Feb. 23 High	Low	Prev. Week High	Low
Wheat:				
1 Hard	.78⅝	.77⅝	.78½	.77⅞
1 Nor.	.78⅜	.77⅜	.78⅛	.77⅜
2 Nor.	.75⅛	.74⅜	.75¼	.74⅜
3 Nor.	.73⅜	.73	.73⅜	.73⅛
4 Nor.	.72⅜	.71¾	.72⅝	.72
5 Wheat	.70⅝	.69⅝	.71	.70⅜
6 Wheat	.68⅝	.67⅞	.69	.68⅝
Feed	.66⅛	.65⅝	.66½	.65⅞
Oats:				
2 C. W.	.49⅝	.49⅛	.50½	.49⅞
3 C. W.	.47⅝	.47⅜	.48⅛	.47⅛
Barley:				
1 Feed	.59⅞	.59½	.59⅞	.59¼
2 Feed	.58⅞	.58⅜	.58⅞	.58¼
Flax:				
1 C. W.	1.62	1.62	1.61⅞	1.60⅞
2 C. W.	1.59	1.59	1.58⅞	1.57⅞
Rye:				
2 C. W.	.64¾	.64⅝	.64⅝	.64⅝

Dividends Declared

	This payment	Date payable	Date of record
Agnew Surpass	40c	Mar. 2	Feb. 16
Do., pref.	$1.75	Apr. 1	Mar. 16
Aluminium	$2	Mar. 5	Feb. 13
Do., pref.	†$1.50	Mar. 1	Feb. 6
Asbestos Corp.	15c	Mar. 31	Mar. 1
Do., extra	15c	Mar. 31	Mar. 1
Aunor Gold	4c	Mar. 3	Feb. 14
Amal. Oils	▪4c	Mar. 15	Mar. 1
Amer. Cyan., A, B	†15c	Apr. 1	Mar. 12
Do., pref.	†12½c	Apr. 1	Mar. 12
Anglo-Can. Tel., A	15c	Mar. 2	Feb. 14
Barber-Ellis, c.	12½c	Mar. 15	Feb. 28
Bk. of Nova Scotia	$3	Apr. 1	Mar. 16
Belding Cort.	$1	Apr. 1	Mar. 14
Do., pref.	$1.75	Apr. 1	Mar. 14
Broulan Porc.	3c	Mar. 31	Mar. 10
Berens River	3c	Mar. 16	Feb. 27
Beattie Gold	4c	Mar. 20	Mar. 4
Banque Candn. Nat.	$2	Mar. 2	Feb. 14
Borden Co.	†30c	Mar. 2	Feb. 16
Bank of Montreal	$2	Mar. 2	Jan. 31
Belding-Cort., ext.	▪$2	Mar. 2	Feb. 14
B. C. Packers	*$1.50	Mar. 16	Feb. 28
Bank of Toronto	$2.50	Mar. 2	Feb. 14
Bathurst P & P., A	25c	Mar. 2	Feb. 13
T. G. Bright, c.	7½c	Mar. 14	Feb. 28
Do., pf.	$1.50	Mar. 14	Feb. 28
Can. Nor. Pwr.	15c	Apr. 25	Mar. 31
Do., pref.	$1.75	Apr. 15	Mar. 31
Cariboo Gold	4c	Apr. 1	Mar. 4
Canada Vinegars	10c	Mar. 2	Feb. 14
Can. Wire & C., A	$1	Mar. 15	Feb. 28
Do., B	.50c	Mar. 15	Feb. 28
Do., pref.	$1.62½	Mar. 15	Feb. 28
Can. Cr. Stone	10c	Mar. 16	Mar. 2
Canada Dry	†15c	Mar. 9	Feb. 24
Can. Foundries, A	37½c	Mar. 16	Mar. 2
Can. Cel., inc. fd. rts.	$1	Mar. 17	Dec. 31
Can. Cottons	$1	Apr. 1	Mar. 2
Do., bonus	$2	Apr. 1	Mar. 2
Do., pref.	$1.50	Apr. 1	Mar. 2
Chartered Trust	$1	Apr. 1	Mar. 14
Coniaurum Mines	4c	Mar. 20	Mar. 6
Canada Cement, p.	$1.25	Mar. 20	Feb. 28
Canada Malting	50c	Mar. 14	Feb. 28
Can. Malartic G.	2c	Mar. 26	Mar. 6
Canadian Car, pfd.	44c	Apr. 10	Mar. 20
Can. Converters	50c	Apr. 30	Mar. 28
Cockshutt Plow	25c	June 18	June 4
Capital Trust	$1	Mar. 1	Dec. 13
Can. Breweries, pfd.	75c	Apr. 1	Mar. 16
Corr. Pap. Box., pf.	$1.75	Mar. 2	Feb. 16
Can. Bakeries, p.	$1.25	Mar. 2	Feb. 19
Coniagas Mines	10c	Feb. 26	Feb. 10
Commoil	1c	Feb. 27	Feb. 11
Confederation Life	$1.50	Mar. 31	Mar. 25
Do.	$1.50	June 30	June 25
Do.	$1.50	Sept. 30	Sept. 25
Do.	$1.50	Dec. 31	Dec. 25
Cons. Sand., pref.	$3.50	Mar. 2	Feb. 20
Can. & Dom. Sugar	37½c	Mar. 2	Feb. 14
Can. Indust's., A, B	$1.50	Apr. 30	Mar. 31
Do., pref.	$1.75	Apr. 15	Mar. 31
Can. Int. Inv. Tr., pf.	50c	Mar. 2	Feb. 16
Cent. Pat. Gold	4c	Mar. 30	Mar. 14
Do., extra	1c	Mar. 30	Mar. 14
David & Frere, A	25c	Mar. 31	Mar. 16
Do., bonus	15c	Mar. 31	Mar. 16
Dist. Seagrams	55½c	Mar. 16	Feb. 28
Do., pref.	†$1.25	May 1	Apr. 15
Dome Mines	▪40c	Apr. 20	Mar. 31
Dom. & Anglo Invest., pf.	$1.25	Mar. 2	Feb. 14
Dom. Bridge	30c	Feb. 25	Jan. 31
Dom. Envelope, pf.	$1.75	Mar. 1	Feb. 20
Dom. Foundries, p.	$1.50	Mar. 2	Feb. 20
Dom. Foundries, c.	25c	Apr. 1	Mar. 20
Dom. Scot Inv., p.	▪50c	Mar. 2	Feb. 20
East Steel, c.	25c	Mar. 2	Feb. 16
Easy Washing pf.	17½c	Apr. 1	Mar. 16
Econ. Inv. Trust	$1.37½	Apr. 1	Mar. 20
Eng. Electric, A	62c	Mar. 16	Feb. 28
East. Malartic	▪5c	Mar. 31	Mar. 9
Ford Motor, A, B	25c	Mar. 23	Mar. 2
Falconbridge N.	5c	Mar. 26	Feb. 26
Famous Players	25c	Feb. 27	Feb. 14
Federal Grain, pf.	▲$2	Mar. 2	Feb. 20
Granby Cons. M.	†15c	Mar. 2	Feb. 13
Do., extra	†5c	Mar. 2	Feb. 13
Gatineau Pwr.	15c	Mar. 31	Mar. 2
Do., 5½% pref.	$1.37	Apr. 1	Mar. 2
Do., 5% pref.	$1.25	Apr. 1	Mar. 2
Greening Wire	15c	Apr. 1	Mar. 16
Hinde & Dauch	25c	Apr. 1	Mar. 14
Hallnor Mines	10c	Mar. 3	Feb. 14
Ham. Cottons, pfd.	50c	Apr. 1	Mar. 14
Do., arrears	§$2	Apr. 1	Mar. 14
Honey Dew	50c	Apr. 1	Mar. 14
Internat'l Nickel	†50c	Mar. 31	Mar. 2
Kerr Addison	5c	Feb. 28	Feb. 10
Lake Shore Mines	20c	Mar. 16	Mar. 2
Langleys, pfd.	▪50c	Mar. 11	Mar. 2
Do.	▪50c	June 11	June 2
Do.	▪50c	Sept. 11	Sept. 2
Do.	▪50c	Dec. 11	Dec. 2
Laura Secord	20c	Mar. 2	Feb. 15
Loblaw Groc., A, B	25c	Mar. 2	Feb. 10
Loblaw Inc	25c	Feb. 28	Feb. 13
Lake of W. Mill.	30c	Mar. 2	Feb. 14
Do., pref.	$1.75	Mar. 2	Feb. 14
Lon. & West. Trust	$1	Apr. 1	Mar. 15
Lang, J. A.	17½c	Apr. 1	Mar. 15
Do., extra	30c	Apr. 1	Mar. 15
Louisiana Land	†10c	Mar. 16	Mar. 2
Macassa Mines	8c	Mar. 16	Feb. 28
MacKinnon Stl., p.	▲$1.25	Mar. 16	Feb. 28
Montreal Cottons	$1	Mar. 16	Feb. 28
Do., pref.	$1.75	Mar. 16	Feb. 28
McKen. R. Lake	3c	Mar. 19	Mar. 3
Modern Contain.	20c	Apr. 1	Mar. 20
Do., extra	10c	Apr. 1	Mar. 20
Do., pref.	$1.37½	Apr. 1	Mar. 20
Maclaren Power	25c	Mar. 5	Feb. 14
McIntyre Porc.	55½c	Mar. 2	Feb. 2
Mitchell, J. S.	$2.50	Mar. 2	Feb. 16
Montreal Loan	31¼c	Mar. 16	Feb. 28
Man.-Duncan Util.	81¼c	Mar. 2	Feb. 14
Nat. Biscuit, c.	†40c	Apr. 15	Mar. 17
Do., pref.	†$1.75	Feb. 28	Feb. 13
Nat. Steey Car	50c	Apr. 15	Mar. 31
Noranda Mines	$1	Mar. 17	Feb. 20
N. S. Lt. & Pr., pf.	$1.50	Mar. 2	Feb. 14
Northwest Util., p.	$1.50	Mar. 1	Feb. 24
Nat. Steel Car	50c	Apr. 15	Mar. 31
Negus Mines	2½c	Mar. 23	Mar. 10
Ottawa Elec. Rly.	30c	Apr. 1	Mar. 10
O'Brien Gold	3c	Mar. 23	Feb. 28
Ogilvie Flour	$1.75	Mar. 2	Feb. 16
Ottawa L. & Pr.	15c	Apr. 1	Feb. 10
Do., pref.	$1.25	Apr. 1	Feb. 10
Petrol Oil	▪2c	Mar. 2	Feb. 14
Photo Engrav.	50c	Mar. 2	Feb. 14
Provincial Bank	$1.50	Mar. 2	Feb. 15
Proprietary Mines	5c	Feb. 28	Feb. 14

Mining Dividends

	Rate	Feb. 23	Yield %
Anglo-Huronian	▲10c	2.30	..
Argus Interests	†4c	.35	..
Aunor Gold	16c	1.00	16
Bayonne	†1c	.04¼	..
Beattie Gold	16c	.75	21.3
Berens River	†3c	.60	..
Bralorne	80c+40c	7.00	*17.2
Broulan Porc.	12c	.43	..
Buffalo Ankerite	▲30c	2.50	..
Bulolo Gold	$3	7.00	..
Can. Malartic	8c	.40	20
Cariboo Gold	16c+1c	1.30	*13
Central Patricia	16c+4c	1.09	*18.3
Chesterville	15c	1.04	..
Cochenour Willans	6c	.47	12.8
Coniagas	▲17½c	1.15	..
Coniaurum	16c	.80	20
Cons. Smelters	$1+$1.50	38.25	*6.5
Delnite	▲6c	.40	..
Dome Mines	$1.20	15.00	..
East Malartic	5c	1.80	..
Falconbridge	20c	3.15	..
Francoeur Gold	▲4c	.28	..
Gold Belt	▲2c	.14½	..
Grandview	▲1½c	.15	..
Grull Wihksne	†1½c	.02¼	..
Hallnor	60c	2.25	26.6
Hard Rock	▲8c	.48	..
Hedley Mascot	8c	.26	..
Hollinger	65c+45c	8.00	*13.7
Howey Gold	▲4c	.17	..
Hudson Bay	$2	25.75	7.8
Inspiration	†2c	.26	..
Inter. Nickel, com.	$2	32.00	6.2
Island Mountain	▲18c	1.00	..
Jason	4c	.25½	..
Kerr-Addison	▲35c	3.55	..
Kerr Lake	5c	.22	..
Kirkland Lake	10c+1c	.50	*22
Kootenay Belle	▲8c	.16	..
Lamaque Gold	40c+15c	3.75	*14.7
Lake Shore	80c	9.25	8.6
Leitch	8c	.42	19
Little Long Lac	▲20c	1.10	..
Macassa	32c+3c	2.45	*14.2
Madsen R. Lake	▲3c	.35	..
Malartic Gold	10c	1.51	..
McGillivray Coal	2c	.22½	..
McKenzie Red L.	12c	.83	14.4
Moneta	8c	.25	..
McIntyre-Porc.	$2.22+$1.11	40.00	*8.3
MacLeod-Cockshutt	10c	1.42	..
Nayboh Gold	4c	.17	..
Negus	2½c	.40	..
Nipissing	15c	.94	15.9
Noranda	$4	46.00	8.7
North Empire	▲40c	3.75	..
O'Brien Gold	3c	.65	..
Pamour Porc.	18c	.70	..
Pato Cons	20c+2c	2.50	*8.9
Pend Oreille	†6c	1.36	..
Perron Gold	16c+9c	1.10	*22.7
Pioneer, B.C.	40c	1.78	22.4
Pickle Crow	30c	2.11	14.2
Placer Develop.	$1.20	8.37	14.4
Premier	11c	.45	24.4
Preston E. Dome	20c	2.60	7.7
Privateer Mines	12c+4c	.35	..
Quebec Gold	2c	.30	..
San Antonio	14c+6c	1.50	*13.3
Sheep Creek	16c+1c	.75	*24
Sherritt Gordon	10c	.78	..
Sigma Mines	▲30c	5.00	..
Silbak Premier	16c	.64	25
Siscoe	▲8½c	.40	..
Sturgeon River	4c	.11	..
Sudbury Basin	▲5c	1.55	..
Sullivan Cons.	▲8c	.54	..
Surf Inlet	▲2c	.06	..
Sylvanite Gold	28c	1.55	18
Teck-Hughes	40c	2.08	19.2
Toburn	12c+6c	1.00	*18
Upper Canada	▲14c	.81	..
Ventures	▲20c	3.30	..
Waite Amulet	40c	4.40	..
Wendigo	3c	.11	..
Wright-Harg.	40c+20c	2.45	*24.5
Ymir Yankee	▲2c	.03⅞	..

▲Paid in 1941. †Initial. *Yield including bonus.

Dividends Declared (Cont'd)

	This payment	Date payable	Date of record
Paton Mfg.	50c	Mar. 15	Feb. 28
Do., pref.	$1.75	Mar. 15	Feb. 28
Perron Gold	▪4c	Mar. 20	Feb. 28
Do., extra	▪1c	Mar. 20	Feb. 28
Pickle Crow	10c	Apr. 30	Apr. 15
Pioneer Gold	10c	Apr. 1	Feb. 28
Preston E. Dome	5c	Apr. 15	Mar. 31
Price Bros., pfd.	$1.37½	Apr. 1	Mar. 21
Regent Knitting pfd	‡40c	Mar. 2	Feb. 16
Do., c.	25c	Mar. 16	Mar. 2
Reliance Grain, p	$1.62½	Mar. 14	Feb. 28
Rolland Paper, pfd.	$1.50	Mar. 2	Feb. 14
Royal Bank	$2	Mar. 2	Jan. 31
Sunset Oils	1½c	Mar. 16	Mar. 5
San. Antonio Gold	7c	Apr. 20	Apr. 4
Do., extra	3c	Apr. 20	Apr. 4
Sher.-Williams, pf.	$1.75	Apr. 1	Mar. 15
Do. ordinary	15c	May 1	Apr. 15
Sheep Creek G.	4c	Apr. 15	Mar. 31
Do., extra	1c	Apr. 15	Mar. 31
Simon & Sons	15c	Mar. 28	Mar. 13
Do., extra	15c	Mar. 28	Mar. 13
Do., pref.	$1.75	Mar. 28	Mar. 13
Siscoe	2c	Mar. 16	Feb. 13
Stedman, c.	15c+30c	Apr. 1	Mar. 20
Do., pf.	75c	Apr. 1	Mar. 20
D. A. Stuart	20c	Mar. 2	Feb. 14
Sylvanite	5c	Mar. 28	Feb. 14
Stand. Paving, pf.	31¼c	Mar. 16	Mar. 5
Sudbury Basin	2½c	Mar. 31	Mar. 12
Sullivan Cons.	3c	Mar. 16	Feb. 18
Sec. Std. Rlts., pf.	1c	Mar. 16	Feb. 20
Tuckett Tob., pf.	$1.75	Apr. 15	Mar. 31
Toronto Elevators, p.	65c	Mar. 7	Feb. 28
Union Gas	20c	Mar. 14	Feb. 20
Upper Can. Mines	3c	Mar. 2	Feb. 16
Ventures	▪10c	Mar. 31	Mar. 10
West. Breweries	▪10c	Apr. 15	......
Weston, Geo., c.	20c	Apr. 1	Mar. 12
Wr. Hargreaves	10c	Apr. 1	Feb. 25
Walker-Good.	$1	Mar. 16	Feb. 20
Do., pref.	25c	Mar. 16	Feb. 20
Waite Amulet	10c	Mar. 10	Feb. 14

†Payable in U. S. funds. ▪Subject to approval of Foreign Exchange Control Board. *Initial. ‡Also 40c. payable June 1, Sept. 1 and Dec. 1. ▲On arrears. §Eliminates arrears.

Supplementary Bond Quotations

(Supplied by Plaxton, Cherry & McDonnell, Toronto)

Month-end Close, and Changes from Previous Month-end

Feb. 24, 1942

Miscel. Corp. Utility & Realty Bonds:	Bid	Ask.	Chge.
Adel.-Peter, 6½%/48	27½	31½	—½
*Adel.-Sheppard, 7%/48	23	25½	—½
†Albert-Bay, 6½%/42	53½	57	+½
Alexandra Apts., 3%/55	42½	..	+½
*Alex. Bldg., 6%/47	36	39	unch
Ancroft Place, 4%/56	42½	44½	—2
*Annandale C. 6½% ser.	32½	..	+1
*Balfour Bldg., 3%/43	45½	48½	—½
*Bay-Adelaide, 6½%/47	23	28	+¾
*Bay-Cumberl'd, 6½%/44	12½	14½	+¾
Bay-St. Albans, 4%/53	51½	55	—½
Beach Fdry., 6%/45	79	85	+½
*Bloor-St. G. Rlty. 7%/46	43	46	—1½
Bowater Nfld., 5%/68	92	95½	+¾
Do., 4½%/68	92	94	+¾
Brantford Roof., 5%/59	82	88	—¾
Canada Dairies 5%/61	59½	..	+½
Can. Machinery, 5%/54	99	101	+2
Do., 6%/55	96	99	+1½
Chainway Stores, 6%/53	..	99½	unch
Cities Heating, 4½%/55	92	97	—1
Dom. Square, 4%/39	58½	60½	unch
Econ. Inv., 5%/57	100½	102½	+½
Ellis Park, 4½%/45	57½	60	—½
Fed. Foundries, 5½%/50	92	95	+½
400 Ave. Rd., 4½%/57	49½	53	+1
Gleneagles Inv., 5%/44	55½	58	+½
Gt. Brit. & Can. 4½%/59	68	72½	+½
Gt. West. Saddl'y 6%/48	103	..	+½
*Keefer Rlty., 5%/55	23½	26	unch
*King Ed. Hotel, 7%/44	6½	7½	—½
Lombard Rlty., 2½%/51	27½	29½	+½
London Realty, 6½%/50	94	97	+1
Lord Nelson Htl., 4%/47	47½	49½	+2
Mayor Bldg., 4½%/42	53½	58	—½
Moodie, J. R., 6%/43	97	100½	—½
Sandwich W. (Twp.)	17	19½	+½
*Nat. Utilities, 6%/48	53½	58½	+½
Ont. Building, 3%/43	43½	46	+¾
Pac. P. & Water, 5%/57	91½	..	—¾
*Prof. Offices, 7%/33-45	56½	59	+1
Richmond-Bay, 6½%/47	96½	98½	unch
*Richmond Bldg., 7%/47	10	11½	+½
Royal Ex. Bldg., 6%/48	50½	..	—½
St. Cath. Stanley, 5%/57	61	64	—2
Stand. Clay, 6%/42	68	..	+1
*Stanley Rlty., 7%/45	2½	4	+¾
Staveley Apts., 2½%/49	63½	68½	—½
*Stk. Exch. Bldg., Vanc. 6%/44	39	43	+1
Trans-Cont. R. 5% debs.	..	92	—1
*Trinity Bldg., 4%/52	8½	11	+½
*200 St. Clair W. 4½%/58	50½	55	+½
Vanc. Georgia H. 6%/47	41	..	+1
Viceroy Mfg., 4½%/52	95	99	—¾
Wel'gton Bldg. 6½% ser.	57	60	+2
Wind. Court Apt. 6%/42	31	33	+3
*W'dsor, Essex L. S. 6/59	28½	32	+½
York-Adelaide, 7%/45	9	11	+1
York St. Bldgs., 6%/43	88	93	+1

†Payable U. S. funds and Can. funds. *Traded without accrued interest.

Annual Meetings

1942	Company	Place
Feb. 27	Can. Bronze	Montreal
Feb. 27	Provincial Transport	Montreal
Feb. 28	Siscoe Gold	Montreal
Mar. 3	Cosmos Imp. Mills	Hamilton
Mar. 4	Crown Cork*	Toronto
Mar. 5	Building Products	Montreal
Mar. 9	Amal. Electric	Montreal
Mar. 9	Tor. Mutual Life	Toronto
Mar. 11	Prudential Trust	Montreal
Mar. 11	Woods Manufacturing	Montreal
Mar. 12	Western Assur.	Toronto
Mar. 13	Stanley Realty†	Montreal
Mar. 20	Mercantile Insurance	Toronto
Mar. 23	Twin City Rapid T.	Minneapolis
Mar. 25	Can. North-West Land	Toronto
Apr. 2	United Corporations	Montreal
Apr. 7	Simpsons	Toronto
Apr. 21	Asbestos Corp.	Montreal
Apr. 22	Can. Breweries*	Toronto
Apr. 23	Montreal Tramways	Montreal
Apr. 29	Western Grocers	Winnipeg

*Annual and special. †Mortgage bondholders and creditors.

DIVIDEND NOTICES

Gatineau Power Company

Notice of Dividend on 5% Cumulative Preferred, 5½% Cumulative Preferred and Common Shares

Montreal, Canada, February 18, 1942.

The Board of Directors has declared a quarterly dividend of $1.25 a share on the 5% Cumulative Preferred Shares and $1.37 a share on the 5½% Cumulative Preferred Shares of the Company payable April 1, 1942, to shareholders of said classes of record at the close of business on March 2, 1942; also a quarterly dividend of Fifteen cents ($.15) a share on the Common Shares of this Company outstanding at the close of business on March 2, 1942, payable on March 31, 1942, to shareholders of said class of record at the close of business on March 2, 1942.

Cheques will be mailed. Stock transfer books will not close.

J. R. BINKS, Secretary.

DIVIDEND NOTICE

The Cariboo Gold Quartz Mining Company Limited

(Non-Personal Liability)

Dividend No. 26

NOTICE IS HEREBY GIVEN that a quarterly dividend of four cents (4c) per share, on the paid-up capital stock of the Company, will be paid April 1, 1942, to shareholders of record March 4, 1942.

The Books of the Company will be closed for the transfer of shares from March 5, 1942 to March 7, 1942, inclusive.

By Order of the Board.

J. R. V. DUNLOP, Secretary-Treasurer.

Vancouver, B.C., February 24, 1942.

Negus Mines Limited

(No Personal Liability)

Interim Dividend No. 3

NOTICE IS HEREBY GIVEN that an interim dividend of two and one-half cents per share in Canadian funds has been declared on the issued capital stock of the Company and will be paid on the 23rd day of March, 1942, to shareholders of record at the close of business on the 10th day of March, 1942.

By Order of the Board.

W. M. McINTYRE, Secretary-Treasurer.

410 Royal Bank Bldg., Toronto, Ontario, February 19, 1942.

DIVIDEND NOTICES

Sheep Creek Gold Mines Limited

(Non-Personal Liability)

Notice of Dividend No. 24

Notice is hereby given that a Quarterly Dividend of four cents per share, and a special bonus of one cent per share, have been declared on the paid-up Capital Stock of the Company, payable on the 15th day of April, 1942, to shareholders of record at the close of business on the 31st day of March, 1942.

Persons holding certificates not registered in their name, commonly known as "street" certificates, should have them registered in their name by the Company's transfer agents, Prudential Trust Company Limited, at their office, 475 Howe Street, Vancouver, B.C., or at their office, 217 Bay Street, Toronto, Ontario, on or before 31st March next.

By Order of the Board.

JAMES ANDERSON, Secretary.

Vancouver, B.C., February 21, 1942.

Canadian Car & Foundry Company Limited

DIVIDEND NOTICE— PREFERENCE STOCK.

Notice is hereby given that a dividend of forty-four cents (44) per share on the paid up Preference Stock of the Company for the quarter ending March 31st, 1942, has been declared, payable on the 10th day of April, 1942, to Shareholders of record on the 20th day of March, 1942.

By Order of the Board,

A. C. BOURNE, Secretary.

Montreal, February 23rd, 1942.

The Hamilton Cotton Company Ltd.

DIVIDEND NOTICE

Notice is hereby given that the regular quarterly Dividend of 50 cents per share on the outstanding Preferred Shares of the Company together with $2.00 per share completing the outstanding Dividend arrears on the Preferred Shares be paid on April 1st, 1942, to Shareholders of record at the close of business, on Saturday, March 14th, 1942.

By Order of the Board.

JOHN BOWSTEAD, Secretary.

Hamilton, February 23rd, 1942.

The B. Greening Wire Company, Limited

Common Dividend No. 18

NOTICE IS HEREBY GIVEN that at a meeting of the Directors of The B. Greening Wire Company, Limited, held in the office of the company on February 23rd, 1942, a dividend of Fifteen cents per share on the Common Shares of the Company was declared payable April 1st, 1942, to shareholders of record March 16th, 1942.

F. J. MAW, Secretary.

Hamilton, Ont., February 23rd, 1942.

DIVIDEND NOTICES

DIVIDEND NOTICE

Canada Malting Co., Limited

NOTICE is hereby given that a quarterly dividend of Fifty Cents (50c) per share has been declared on the no par value stock of the Company. The above dividend is payable March 14th, 1942, to Shareholders of record at the close of business on the 28th day of February, 1942. The books of the Company are to be closed from March 2nd, 1942, to March 13th, 1942, inclusive.

Share Warrant Holders will present Coupon Serial No. 57 to the Royal Bank of Canada, MONTREAL, TORONTO, WINNIPEG and CALGARY, on or after March 14th, 1942.

By Order of the Board,

JOHN P. HEIGHTON, Secretary.

Dated at Montreal, February 20th, 1942.

National Steel Car Corporation Limited

NOTICE OF DIVIDEND

Notice is hereby given that a dividend of fifty cents (50c) per share has been declared payable on April 15th, 1942, to shareholders of record at the close of business, March 31st, 1942.

By Order of the Board.

CHAS. W. ADAM, Secretary.

The Montreal Cottons Limited

NOTICE IS HEREBY GIVEN THAT A DIVIDEND OF ONE PERCENT (1%), has been declared upon the Common Stock of the Company, and cheques will be mailed on the sixteenth day of March next, to shareholders of record at the close of business on the 28th day of February, 1942.

BY ORDER OF THE BOARD,

CHAS. GURNHAM, Secretary-Treasurer.

Valleyfield, February 18th, 1942.

The Montreal Cottons Limited

NOTICE IS HEREBY GIVEN THAT A QUARTERLY DIVIDEND OF ONE AND THREE QUARTERS PERCENT (1¾%), being at the rate of Seven percent (7%) per annum, has been declared upon the preferred stock of the Company, and cheques will be mailed on the sixteenth day of March next, to shareholders of record at the close of business on the 28th day of February, 1942.

BY ORDER OF THE BOARD,

CHAS. GURNHAM, Secretary-Treasurer.

Valleyfield, February 18th, 1942.

DIVIDEND NOTICES

Coniaurum Mines Limited

25 King Street West, Toronto

DIVIDEND NO. 18

NOTICE IS HEREBY GIVEN that a dividend of 4 cents per share has been declared by the Directors of Coniaurum Mines Limited, payable in Canadian funds on March 20th, 1942, to shareholders of record March 6th, 1942.

By Order of the Board.

H. WHITTINGHAM, Secretary-Treasurer.

February 19th, 1942.

MacKinnon Steel Corporation Limited

Dividend Notice

NOTICE IS HEREBY GIVEN that a dividend of One and One-quarter per cent (1¼%) has been declared on the 7% Cumulative Sinking Fund Redeemable Preferred Stock of MacKinnon Steel Corporation Limited, payable March 16th, 1942, to shareholders of record February 28th, 1942. This is a payment on account of arrears of preferred dividend.

By Order of the Board of Directors.

J. G. SCORER, Secretary.

Montreal, February 20th, 1942.

New Method Laundry Co. Limited

Notice is hereby given that one quarter's dividend, at the rate of 6½% per Annum, on the Preferred Shares of the Company, has been declared payable on Saturday, March 14th, 1942, to shareholders on record at the close of business Saturday, February 28th, 1942.

By Order of the Board,

JOHN P. SHEEDY, Secretary.

Preston East Dome Mines, Limited

(No Personal Liability)

DIVIDEND NO. 10

NOTICE is hereby given that the regular quarterly dividend of five cents per share has been declared on the issued Capital Stock of the Company, payable in Canadian funds, April 15th, 1942, to shareholders of record at the close of business on the 31st day of March, 1942.

By Order of the Board.

H. W. KNIGHT, Secretary.

Toronto, February 19th, 1942.

McKenzie Red Lake Gold Mines Limited

(No Personal Liability)

DIVIDEND NO. 21

Notice is hereby given that a quarterly dividend, amounting to three cents per share for the first quarter of 1942, has been declared payable March 19th, 1942, to shareholders of record at the close of business March 3rd, 1942.

By order of the Board.

H. M. ANDERSON, Secretary-Treasurer.

Toronto, Ont., Feb. 21st, 1942.

DIVIDEND NOTICES

Banque Canadienne Nationale

Quarterly Dividend

NOTICE is hereby given that a dividend of two per cent (2%) (being at the rate of 8% per annum), has been declared by the Directors of the Banque Canadienne Nationale on the paid-up capital stock of the Bank for the quarter ending on the 28th day of February, 1942. This dividend, bearing the number 204, will be payable at the Main Office or at the branches of the Bank, on or after the second day of March, 1942, to the shareholders of record on February 14th.

By order of the Board,

CHARLES ST-PIERRE, General Manager.

Canadian Malartic Gold Mines Limited

25 King Street West, Toronto

DIVIDEND NO. 16

NOTICE IS HEREBY GIVEN that a dividend of 2 cents per share has been declared by the Directors of Canadian Malartic Gold Mines Limited, payable in Canadian funds on March 26th, 1942, to shareholders of record March 6th, 1942.

By Order of the Board,

H. WHITTINGHAM, Secretary-Treasurer.

February 20th, 1942.

Macassa Mines, Limited

(No Personal Liability)

DIVIDEND NO. 27

NOTICE is hereby given that a dividend of eight cents (8c) per share has been declared on the capital stock of the company for the quarter ending March 31st next, and will be payable on March 16th, to shareholders of record on February 28th, 1942.

By Order of the Board.

L. SOLIAGUE, Secretary.

Toronto, February 21, 1942.

FORD MOTOR COMPANY OF CANADA, LIMITED

DIVIDEND No. 57

The Board of Directors has declared a cash dividend of twenty-five cents ($.25) per share, payable on all of the outstanding shares of the company on March 23, 1942, to shareholders of record at the close of business March 2, 1942.

D. B. GREIG, Secretary.

Windsor, Ont. February 20, 1942.

RECLEANED WESTERN
...OATS...
AND OTHER GRAINS
BULK or SACKED
All Grain Selected from Our Elevators in the Finest Growing Districts of Western Canada
Prompt Shipment From Fort William
For Quotations Write or Wire
NATIONAL GRAIN Co LTD.
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McCABE BROS. GRAIN CO. LTD.
WINNIPEG, MAN.
Grain Commission Merchants — Shippers and Exporters — All Grains-Sacked Feeds
Country and Terminal Elevator Operators
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MANITOBA - SASKATCHEWAN - ALBERTA
Offices: DULUTH - MINNEAPOLIS

FEDERAL GRAIN LIMITED
OPERATING TERMINAL ELEVATORS - FORT WILLIAM - PORT ARTHUR - VANCOUVER
423 COUNTRY ELEVATORS THROUGHOUT THE WEST
101 COAL SHEDS
Our Service and Facilities Guarantee Satisfaction

GRAIN MERCHANTS
RECEIVERS · SHIPPERS · EXPORTERS
Owning and Operating Terminal, Transfer and Country Elevators
Capacity 12,500,000 Bushels
MEMBERS
Winnipeg Grain Exchange
Chicago Board of Trade
New York Produce Exchange
and other Exchanges
Head Office, WINNIPEG - Private wires connecting offices across Canada

JAMES RICHARDSON & SONS LIMITED
EST. 1857

Gold Article Stirs Comment

Financial-Post Article Finds Wide Interest

Widespread comment was created by a feature article in the preceding issue of The Financial Post entitled, "Gold Fights for the United Nations." Herewith are letters from the reaction of some readers to that article.

H. R. Bain,

Stock Broker, President, National Life Assurance Co. of Canada

I thoroughly agree with your excellent article "Gold Fights for the United Nations" and have heard no logical reason advanced for the closing of our gold mines or the curtailment of the production of gold.

As you point out, in 1941 about $205 millions of foreign exchange was provided by the sale of gold to the United States, and as you further point out, cutting gold production and taking away gold backing from our issued currency would weaken the morale of the democratic countries.

After the war, gold will be a very great factor in re-establishing the trade of the world and restoring prosperity.

Robert Fennell

Vice-president and treasurer, Pickle Crow Gold Mines, partner in the legal firm of Fennell, Porter and Davis.

I have read with interest the feature article in The Financial Post of Feb. 21 entitled "Gold Fights for the United Nations." I have also confidence in the future of gold for the following reasons:

1. The United Nations will be successful in the present war.

2. Gold is the most satisfactory medium yet discovered for settling international trade balances.

3. There will be an extension of international trade following the war and credit is necessary in order to stimulate such trade.

4. Mr. Henry A. Wallace, vice-president of the United States, in a recent article lays down seven foundations for the solution of postwar problems and one of them is specifically the employment of gold while three others mention gold by inference.

5. Mr. Henry Morgenthau, secretary of the treasury of the United States in discussing an international currency invariably links it with a metallic backing.

6. Currency requires a metallic backing in order to avoid a form of inflation which would destroy our present economic structure. The most satisfactory metallic backing yet discovered is gold.

7. The United States has already begun to put gold to work as their reserve of gold was reduced during the last quarter of 1941.

8. Gold will be the most important potent instrument for giving effect to the Atlantic charter drawn up by Prime Minister Churchill and President Roosevelt.

J. Gordon Hardy,

President, Falconbridge Nickel Mines Ltd.

I am entirely in agreement with your review on "Gold" in your issue of the 21st instant.

"Gold has been the only medium on which international confidence has been successfully based"—and it will continue to be so.

J. B. Tyrrell,

President, Kirkland Lake Gold Mining Co. Ltd.

I congratulate you on your clear statement of the value of gold to Canada and the Allies. The $200 millions worth of gold produced each year in Canada is the result of the labor of about 40,000 men, many and probably most of whom are not of military age. If they were not employed in the mines, where they are assisting to increase the wealth of the country, they might be unemployed when they would be consuming the wealth of the country instead of increasing it, for every unemployed man is a liability and not an asset to the community.

The gold is all sent to the government which pays for it in notes which are legal tender in Canada but not elsewhere, and are thus perfectly good for payment of debts or settlement of accounts in Canada, and the government has the gold which will be accepted as money in every country in the world, to buy needed supplies from the United States or anywhere else where they may be available.

The $200 millions worth of gold a year is the easiest and cheapest money that our government gets, and if the production of our gold mines could be doubled or trebled, our finance minister would be relieved of most of his worries.

A. R. Whitten

Stock Broker, Partner, Biggar & Crawford, Toronto.

Let me say how much I appreciated your article on "Gold Fights for the United Nations." It was first rate and was particularly timely.

Quite a number of authorities such as Henry Wallace have been stressing recently the need for gold after the war. In spite of this the gold mining industry has been seriously hampered by people who speak loosely of curtailing gold production during war. Without anything in the way of an official government statement of policy the serious decline in gold mining stocks of recent weeks has not been surprising. The gold mining industry would greatly appreciate some forthright statement of policy.

Few people probably realize how much revenue the government secures from the gold mining industry; how much the government would be affected by any interference with gold mining. It appears the Dominion Government secures a direct tax revenue of $30 millions yearly from gold mining company profits, with an enormous amount of indirect revenue. The $200 millions of gold produced a year undoubtedly results in a stimulation of business far greater than this actual dollar value—and government revenue benefits accordingly.

Gold mining is going to be affected by the war, we know that, but let no one exaggerate any benefits that might be secured by interfering with gold production. Gold miners in northern Canada are not skilled in other trades and Kaffirs in South Africa are illiterate and could not readily be used in any other industry. Gold is a prime economic factor in the United States, South Africa and Canada and no one should lightly do anything to interfere with it.

John A. Lang & Sons Ltd. pays, in addition to the regular quarterly dividend of 17½c. a share an extra dividend of 30c. a share on the common out of 1941 earnings. Both are payable April 1 to shareholders of record March 13. This makes total distribution for the year of $1 a share against 82½c. the year before.

Abitibi Power & Paper Company, Limited
TORONTO, ONT.
Owning directly or through subsidiary companies, mills at
Beaupre, Que. — Iroquois Falls, Ont.
Pine Falls, Man. — Smooth Rock Falls, Ont.
Sault Ste. Marie, Ont. — Fort William, Ont.
Port Arthur, Ont.
Newsprint
Groundwood Pulp — News Sulphite Pulp
High Grade Bleached Sulphite Pulp

Mining INVESTMENTS

Manitoba mining recorded a decrease in output value—the first since 1926—despite the fact that Hudson Bay Mining & Smelting Co., the province's premier producer, has been gradually increasing its production for a number of years and 1941 was no exception.

In 1941, however, increasing quantities of ore were drawn from the Saskatchewan side of the workings which straddle the Manitoba-Saskatchewan boundary. This was enough to have an unfavorable effect on Manitoba's total.

• • •

The search for tungsten will be speeded up by an order-in-council passed recently taking the duty and taxes off ultra-violet ray lamps and parts, Ottawa authorities hope. As explained in this column recently, ultra-violet rays are now being used by prospectors to detect scheelite, one of the ores of tungsten and the one most commonly found in Canada.

Canadian tungsten supplies have been chiefly coming from China and Burma. With the war in the east making continued supplies doubtful, opening of new domestic sources is becoming of great importance. Tungsten is necessary in the manufacture of machine tools. Gold Mines in Ontario, Quebec and North West Territories, British Columbia and the Yukon are now turning out the strategic mineral. For the most part, tungsten content is seldom high enough to allow mining at a profit.

In the rays of the ultra-violet ray lamp, scheelite can be detected at once by its brilliant pale-bluish fluoresence and it is impossible to estimate the tungsten content of the occurrence. The lamps are not made in Canada and the removal of the duties and taxes will reduce their cost.

• • •

Brucite deposits, near Wakefield, Quebec, will be in production within a few months to turn out magnesia, used as a refractory. The Wakefield deposits will make Canada independent in the matter of refractories needed for smelting and refining of base metals ores and other purposes.

Brucite is magnesium-bearing material and is a possible source of the metal magnesium. The present plant is designed for production of the refractory magnesia, rather than the metal magnesium. Magnesium is in great demand due to the war and it is interesting to note that the brucite deposits could become a source of the metal in case of need.

The Week In Oils

Well Records Tabled

From Our Own Correspondent

CALGARY.—By Dec. 31, 1941, 68 Turner Valley wells—ranging in age from 13 months to 11½ years—had produced in excess of 200,000 bbls. of crude oil each, a survey by The Financial Post indicated this week.

Of these 68, one well has already exceeded 700,000 bbls., four have produced between 600,000 and 700,000 bbls., five between 500,000 and 600,000, four between 400,000 and 500,000 bbls., 17 between 300,000 and 400,000 bbls. and 37 between 200,000 and 300,000 bbls.

Following is a brief summary of the wells that have produced the most oil to date, showing the number of months on production and the cumulative production in barrels to the end of 1941:

Well:	Months	Prodn. Bbls.
Home Millarville 2	36	745,520
Commoil Ltd. 1	50	679,427
Vulcan-Brown 1	42	614,256
Turner Valley Roy. 1 ..	66	612,235
Sterling Pacific 4	54	611,899
Davies Royalite 2	52	583,313
Model Oils 1	136	564,690
Prairie Royalties 1	50	539,040
Sunset Oils 1	48	537,825
Frontier Royalties 1	42	516,021
Sterling Pacific 5	53	484,475
Royalite 30	42	455,763
Sundance Royalties 1 ..	42	453,073
Pacific Petroleums 1 ...	44	423,734

In the shallow Plains Fields outside Turner Valley, the well that has produced the most oil to date is the Vanalta No. 2 well in the Red Coulee field. Production of this well to Dec. 31, 1941 was 73,523 bbls.

It is followed by two other Red Coulee wells, O'Neill No. 1, with 57,252 bbls. and Vanalta No. 1, with 55,016 bbls.

• • •

Wainwright Produces

Top producer to date in the Wainwright field is Sasko-Wainwright No. 1, with yield to the end of 1941 of 42,956 bbls., followed by Edmonton-Wainwright with 31,454 bbls. and Hargal 3B with 31,151 bbls.

In the comparatively new Vermilion Oilfield, the top-ranking producer to date is Vermilion Consolidated No. 2, with yield of 16,267 bbls., of which 6,838 bbls. was produced during 1941.

Top producer in the Princess Field is Standard of British Columbia's Princess No. 2 well, with yield of 14,728 bbls., all produced during 1941.

The leading well in the Taber Oilfield is Plains Pete No. 2, with a yield of 18,818 bbls., of which 5,600 bbls. was produced during 1941.

• • •

$75 Millions Is Total

As reported in The Financial Post last week, the year 1941 established a new record for Alberta oil—production amounting to 9,908,643 bbls., and revenue accruing to operators totalling $13,809,708.

The record returns for 1941 brought the Alberta industry's cumulative production to December 31, 1941 up to 46,510,832 bbls., with the gross return from production estimated at $75 millions.

Alberta's daily average production of crude oil and natural gasoline during 1941 was 27,146 bbls., of which Turner Valley limestone crude oil-wells accounted for 26,038 bbls. per day.

There is every reason to believe that the 1941 record will be substantially bettered during the current year. Daily average production during January, 1942, was about 27,865 bbls., and during the first half of February, 1942, was about 29,818 bbls.

As the Turner Valley price boosts, enjoyed during half of 1941, will be enjoyed during all of 1942, a very substantial increase in returns to operators can be looked for this year.

Mining Company Reports

Leitch Gold

Improved showings are reported for most departments by Leitch Gold Mines for 1941. Outstanding features of the year's operations are:

Increase in earnings from 8 to 9 cents a share.

Major increase in ore reserves to between four and five years' supply at the present mill rate.

Growth in working capital from $448,039 to $556,704 after payment of dividends at the usual rate.

The new 10th level, now almost completely developed, is reported the best in the mine to date. Partial development of the 11th and 14th levels indicates that they and the untouched 12th and 13th levels will yield averages comparable to the rest of the mine.

Ore reserves at Dec. 31, 1941, totalled 144,374 tons averaging 0.744 oz. gold per ton, a total gold content of $3,760,115 at $35 gold. Reserves a year previous were 95,209 tons with a total content of $2,202,342. Output in 1941 was $894,725 from 30,493 tons of ore.

Earnings increased in 1941 although taxes were sharply higher. Operating costs were lower because there was no shaft sinking during the year.

Income and Surplus Account
Years Ended Dec. 31

	1941 $	1940 $
Production	894,725	874,005
Less: Marketing	10,797	10,751
	883,928	863,254
Less: Development ..	121,102	118,841
Mining	192,041	218,162
Milling	67,353	67,739
H. O. & admin.	23,866	22,969
Net oper. earnings ...	479,566	435,543
Add: Int. & sundry ..	12,561	11,597
Total net earnings ...	492,127	447,140
Less: Develop. w/o ..	23,240	23,240
Current devel.	8,668	8,669
Depreciation	62,088	56,544
Exploration	13,493	26,161
Taxes	124,000	95,000
Net profit	260,638	237,526
Less: Dividends	228,000	228,000
Surplus for year	32,638	9,526
Add: Prev. surplus ...	357,020	352,995
Less: Tax adjustment	......	5,500
Surplus forward	389,658	357,020
Earnings per Share and Dividend Record:		
Earned	$0.09	$0.08
Paid	0.08	0.08
No. of Shs. Outstand..	2,850,005	2,850,005
Working Capital		
Current assets	727,670	548,524
Current liabilities ...	170,966	100,485
Working capital	556,704	448,039

Kirkland Lake

Outstanding features of 1941 annual report of Kirkland Lake Gold Mining Co. are as follows:

Disclosure of downward extension of the high grade veins south of the main break to at least 5,400 ft.

Net profit slightly lower, due to the strike, with earnings of 10.3 cents a share against 13.2 cents in 1940.

Increase in working capital of over $50,000 to $514,105.

Increase in ore reserves from 266,878 to 293,636 tons with average grade $2.07 a ton less at $14.08 ($35 gold).

While high grade veins have been proved down to the 5,400-ft. level, this section of the mine is stated to have hardly been touched below the 4,400-ft. level. The section between 3,700 and 4,400 ft. has been very productive.

New Ore Body

Diamond drilling from the 5,400-ft. level drift gave a number of good ore intersections and a crosscut driven 125 ft. to the south intersected five veins. Up to the time of the strike (Nov. 18) a total ore length of 450 ft. had been opened up with an average cut grade of $20.80 over an average width of 3 ft. at $35 gold. Diamond drill holes show ore ahead of all present faces, east and west. The new ore is in the mid-western section of the mine, the crosscut intersecting this ore being located 860 ft. from the west boundary.

Exploration planned for the year could not be completed due to labor conditions but more ore was encountered on the 4,150, 4,300 and 4,450-ft. levels than expected so that exploration planned below the 4,600-ft. level was hardly started.

Income and Surplus Account
Years Ended Dec. 31

	1941 $	1940 $
Bullion production ...	1,879,727	2,051,790
Less: Oper. expenses .	1,007,225	983,021
Dom., prov. taxes .	216,184	266,103
Admin. expense ...	25,687	23,286
Net oper. earnings ...	630,631	779,380
Add: Other income ..	7,924	10,682
Total net earnings ...	638,555	790,062
Less: Depreciation ...	88,896	87,590
Net profit	549,659	702,472
Less: Dividends	585,937	639,204
Surplus for year	*36,278	63,268
Add: Prev. surplus ..	573,044	527,655
Less: Tax adjustment	......	17,879
Surplus forward	536,766	573,044
*Deficit.		
Earnings per Share and Dividend Record:		
Earned	$0.103	$0.132
Paid	0.11	0.12
No. of Shs. Outstand..	5,326,699	5,326,699
Working Capital	$	$
Current assets	776,115	777,461
Current liabilities	262,010	316,178
Working capital	514,105	461,283

Falconbridge

Record production, a new high for ore reserves and sharply increased profits are outstanding features of the 1941 annual report of Falconbridge Nickel Mines.

Profits of $993,986 were equal to 29.8 cents a share against only $277,903 or 8 cents a share in 1940 when operations were disrupted by loss of the Norwegian refinery.

Reserves at High

Production and ore reserves figures are not being released due to the war but all previous production records are stated to have been broken. Over-all ore reserve figures are stated to be the largest in history including around 3.5 million tons for the outside Levack property.

Expansion is being carried out at the request of the Dominion Government. About half the million dollars involved has already been expended with delays in delivery of equipment holding up completion of the programme and its final expenditure. Working capital is increased despite the capital expenditure made.

At the Falconbridge mine proper Manager E. Craig states "The year's development may be considered satisfactory in that some gain was made in the Falconbridge mine reserves although greater tonnage was mined than in any previous year."

Income and Surplus Account
Years Ended Dec. 31

	1941 $	1940 $
Metal sales, etc.	7,267,822	4,672,248
Less: Marketing	498,406	215,931
Invent. decrease ...	393,217	*863,601
Oper. income	6,376,199	5,319,918
Less: Oper. costs	4,074,288	3,702,753
Outside exploration	1,100	1,234
Admin. & gen. exp.	76,152	75,087
Oper. profit	2,224,659	1,540,844
Less: Taxes	454,458	119,240
Deferred develop. ..	145,932	83,584
Depreciation	630,283	826,838
Norway metals w/o	......	233,279
Net profit	993,986	277,903
Less: Dividends	667,501	250,319
Surplus for year	326,485	27,584
Add: Prev. surplus ..	5,125,526	5,054,802
Adjustments	......	43,140
Surplus forward	5,452,011	5,125,526
*Increase.		
Earnings per Share and Dividend Record:		
Earned	$0.298	$0.08
Paid	0.20	0.07½
No. of Shs. Outstand..	3,337,507	3,337,507
Working Capital*		
Current assets	5,578,540	4,978,402
Current liabilities	726,379	277,266
Working capital	4,852,161	4,701,136

*Exclusive of Norwegian items.

Siscoe Gold

While a substantial reduction in unit operating costs was achieved through increased milling late in the year, Siscoe Gold Mines net profit declined $138,544 to $335,381 in 1941. Earnings were 7.2 cents a share against 10 cents for 1940.

Increase in mill capacity from 530 tons to 900 tons a day, effected in October, began to show its real effect around the end of the year. January operating costs were down to $3.38 a ton against the 1941 average of $4.38 a ton.

Including lower grade ore on the upper levels, ore reserves at the end of 1941 showed an increase of approximately 50%, totalling 836,397 tons averaging $5.37 a ton at $35 gold. It is planned to investigate other potential ore areas during the coming year.

Income and Surplus Account
Years Ended Dec. 31

	1941 $	1940 $
Production	1,729,686	1,775,208
Less: Development ..	251,553	197,938
Shaft sinking	......	12,170
Mining	507,762	482,830
Milling	210,300	195,265
Marketing expense.	19,302	20,252
Camp maintenance.	7,004	9,391
Insurance	10,439	11,590
Gen. mine expense .	75,042	68,189
H. O. & gen. exp. ..	32,485	36,245
Transfer fees	15,196	13,312
Corporation taxes ..	5,940	6,965
Exploration	39,856	44,956
Net oper. earnings ...	554,807	676,105
Add: Interest & divds.	39,085	43,233
Misc. income	4,952	10,896
Total net earnings	598,844	730,234
Less: Depreciation ..	113,933	102,718
Taxes	149,530	153,591
Net profit	335,381	473,925
Less: Dividends	394,405	533,607
Deficit for year	59,024	59,682
Less: Prev. surplus ...	1,090,771	1,164,061
Tax adjustment	1,269	......
Add: Loss on invests.	16,397	13,448
Deprec. invests.	177,797	......
Surplus forward	838,822	1,090,771
Earnings per Share and Dividend Record:		
Earned	$0.072	$0.10
Paid	0.085	0.115
No. of Shs. Outstand..	4,640,063	4,640,063
Working Capital		
Current assets	1,016,094	1,310,985
Current liabilities ...	210,191	198,718
Working capital	805,903	1,016,548

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Nova Scotia Hunts War Metals

Search Intensified in 1941 – See Mine Output Up

By GORDON M. GRANT

War brought many changes to Nova Scotia's mining industry last year—changes which may have an important bearing on the province's future economic development.

Highlights of the present situation are:

1. A marked increase in prospecting for strategic minerals of which there are numerous indications.

2. A move by the Provincial Government to enable the prospector to secure a maximum of ground at a minimum of cost.

3. An increase in total mineral production despite the fall slowdown in coal mining.

4. Indications of greater production of "industrial minerals" with a substantial output of barytes expected.

Prospecting for strategic minerals in Nova Scotia was carried out on an increased scale in 1941 not only by individual prospectors but by a considerable number of mining companies. Deposits of manganese, tungsten, tin and molybdenum have been investigated and much information compiled which may be of great value if the need for strategic metals becomes greater.

Hope for Tungsten Mines

With the outbreak of war, some old tungsten properties were reopened, prospected, drilled and bulk sampled through the efforts of leaseholders. Others were surveyed and geologically examined by member of the provincial department of mines. Investigations are continuing and there is stated to be reason for hoping that one or more will be producing tungsten before the year is out. The Moose River scheelite deposits on the west end of the Moose River structure are the best known and in the past produced considerable tonnages of ore. Others, including the Indian Path tungsten property near Lunenberg, the Goff property near Oldham and the Lake Thomas property near Waverley, have been prospected to a limited extent, but no systematic study made.

Work on Manganese

Nova Scotia has been working on the No. 1 strategic war metal—manganese—since 1937. The Minas Basin manganese area has been under continuous investigation both by the Department of Mines of Nova Scotia and the Geological Survey of Canada. Old dumps have been investigated and the areas adjacent to old workings have been geologically surveyed. Underground work remains to be done. Over considerable areas there are scattered deposits, evidence indicates, and while they are not close enough for development from a central shaft, they are close enough to be operated separately with output combined and blended to give a marketable product.

Look at Bog Deposits

There are many large and small bog manganese deposits with a content varying from less than 10% to over 30% manganese. All are contaminated by iron and silica. The largest, that on Boularderie Island, Cape Breton County, is receiving attention. Other deposits are known in Cumberland, Kings, Lunenberg, Halifax, Antigonish, Guysborough, Inverness, Victoria and Richmond counties. While utilization of these deposits will probably await a greater scarcity of manganese than at present exists, preparations are being made to study metallurgical and other treatment problems during the year.

The new Ross manganese deposits of Atlantic Manganese Corp., Lunenberg County, unlike any of the others, occur as veined deposits in Devonian granite. They were mined very extensively in years gone by but little has been done since the last war. Manganese occurs as pyrolusite. In places it is high grade.

Producing Now

The property has been reopened and a small production of chemical grade material is being produced. Much of the ore body from which this production was obtained was too high in iron for chemical grade material. The metallurgical problem of its removal has been tackled with success at Ottawa. Lateral extent of the ore body has not been determined beyond the surface evidence but a drilling programme is planned for the near future and further development of the property is expected.

Fluorite was discovered recently at Trout River in the Lake Ainslie district and development is being undertaken. Shipments totalling 300 tons have been made to the steel plant at Sydney, representing the first production of the mineral in the province.

Production of coal and industrial minerals has always been a big item in Nova Scotia's mineral production, but provincial authorities now hope that strategic minerals will get their "innings."

Manganese — the No. 1 war metal — was produced in Nova Scotia in the last war. Investigation of deposits is again being carried on. Tungsten showings are extensive and it is hoped one or more tungsten operations will be in production by the end of 1942.

To implement its policy of encouraging prospecting, the Nova Scotia Government last year enacted legislation which makes available to the prospector a maximum of ground at a minimum of cost. The labor requirements remain the same.

Output $40.6 Millions

Mineral production in 1941 at $40.6 millions in Nova Scotia was slightly higher than in 1940 although a slight decrease occurred in the coal industry due to the slow-down. Excluding the slow-down period, monthly production was higher than in the preceding year. Production of 7,205,115 tons was worth $30.6 millions. A total of 512,231 tons of coke produce was worth $1,024,462. Gas from coal distillation was worth $2.3 millions. A new mine opened on the Gardiner seam in the New Waterford-Glace Bay area is now in production turning out from 80 to 90 tons a day. At Inverside, Inverness County, No. 5 mine was opened on the 13-foot seam. Production at 100 tons a day is expected.

Gold Output $714,788

Six steady gold producers operated in Nova Scotia in 1941, including Guysborough, Caribou Mines and Avon. Total production was $714,788 from 110,797 tons of ore. Several of the leading companies have undertaken to investigate and develop other districts which appear favorable. Guysborough, for instance, has taken several exploration projects under its wing. These include the Indian Path tungsten project, the Lake Charlotte option, the Fluker, Miller Lake and St. Stephen nickel claims.

Many Industrial Minerals

Nova Scotia has always been noted for its production of industrial minerals. Interest in this field has been stimulated recently by new discoveries and the fact that normal sources of these industrial minerals have in many cases been cut off. Nova Scotia's industrial minerals include barytes, diatomite, fireclay, fluorspar, gypsum, peat and salt. Development of these resources has been facilitated by ready access to power supplies and proximity of good transportation.

Two deposits, one of salt and one of barytes, are now being developed and substantial results are anticipated. The Malagash Salt Co. workings are now down 2,600 feet on the slope or over 1,000 feet vertically. At the bottom of these workings with the help of a diamond drill from the Department of Mines and the help of a mining engineer from the minerals division of the ore dressing laboratories at Ottawa, the company in 1940 completed a development programme which outlined close to 200,000 tons of salt strata that average 8% potassium chloride, 17% magnesium chloride and over 70% salt. The power plant was destroyed by fire in 1940 and a makeshift power plant was used in 1941. Despite its power supply handicap salt production from the mine in 1941 was approximately 50,000 tons, an increase of 6,000 tons over 1940. Salt output of the province was worth $315,132 in 1941.

Springer Sturgeon Operations

During 1941, the new barytes quarry of Canadian Industrial Minerals—a subsidiary of Springer Sturgeon Gold Mines—has been opened up near Pembroke on the south shore of Minas Basin. A total of 1.5 million tons of ore has been disclosed by diamond drilling. Ore from the quarry is being handled at a 100-tons-a-day grinding plant erected at Walton on tidewater, approximately 2½ miles from the quarry. First shipment of ground barytes for drilling of oil wells in Trinidad was made in June, 1941. Annual production is expected to run 100 times the 1940 output of 300 tons. A total of 12,840 tons turned out in 1941 were worth $77,040. The barytes turned out, although somewhat tinged with iron, are an excellent quality averaging better than 97% barium sulphate and more than 4.4 specific gravity.

Gypsum Output Large

The greater part of the gypsum produced annually in Canada is obtained from the extensive beds of Nova Scotia. Seven companies are engaged in quarrying this mineral and practically all is exported in the crude form to the United States and up the St. Lawrence River. Production 1941 was 1,310,251 tons valued at $2,620,502.

Production of limestone in Nova Scotia in 1941 totalled 36,413 tons with a total value of $72,826. Besides private groups, a large number of farmers' groups operate quarries in conjunction with the Provincial Department of Agriculture. One quarry is operated to supply limestone for the making of sulphite pulp.

Turn Out Dolomite

Dolomite and silica are in steady demand for refractory uses in the steel plant at Sydney. Dolomite output in 1941 was 31,935 tons, worth $127,740. Silica turned out totalled 11,477 tons with a value of $57,385.

Prospects for increased mineral production from Nova Scotia in 1942 are bright. With the slow-down at the coal mines out of the way, efforts are going forward to cope with the tremendous demand for coal. Barytes appear likely to be produced in larger quantity and the increase in this item will likely go far to offset any decline in production of construction materials caused by the war.

Tungsten and manganese have not bulked large in mineral production figures in recent years. With the increased search being carried on for these metals at present, however, prospects appear good for increased production.

Central Patricia New Shaft Is About Half Completed

From Our Own Correspondent

CENTRAL PATRICIA. — Sinking of the new internal shaft from the 2,050-ft. level of Central Patricia Gold Mines has now reached a depth of over 2,300 ft. on the way to its objective at 2,650 ft. depth.

A level has already been established at 2,200 ft. and further levels will be cut at 2,350, 2,500 and 2,650 ft. depth.

Finish Shaft in July

Completion of shaft sinking is expected next July when lateral work will get under way. The shaft is located well to the north, in the hanging wall of the north-dipping ore structures, so that short shaft crosscutting will be required.

New ore disclosures allowed the ore position of the mine to be maintained in 1941. As at Jan. 1, 1941, reserves were estimated at 437,979 tons of 0.41 oz. grade or three years' milling requirements at the current milling rate. New ore disclosures—particularly to the west—allowed the ore position to be maintained last year above the 2,050-ft. level.

"F" Ore Important

Stope development and raising during recent months in the "F" ore systems located in the iron formation to the west of the main ore bodies has given new indications of importance as to grade and tonnage. On the 1,000-ft. level, the F-103 ore body has been extended to 133 ft. of 0.41 oz. grade.

In three of these "F" ore bodies there is indicated 300 tons of ore per vertical foot grading 0.40 to 0.45 oz. gold. There is some decline in tonnage, due to faulting, on the 1,300-ft. level. A raise has been driven from the 1,300-ft. level to the 1,000-ft. level with a sub-level at 1,150-ft. Initial development on the latter shows values well above mine average grade.

On the 1,600-ft. level, development is proceeding with a new ore body, the F-16-4 being opened up. A length of 45 ft. has been disclosed running 0.35 oz. across widths of 12 to 15 ft. A raise in ore is being driven in the F-16-3 to the 1,300-ft. level with a sub-level to be established at the 1,450-ft. horizon.

New Ore to East

Drift advance to the east on the 750-ft. level has opened up new ore structure well to the east of the main faulted zone. The east drifts on levels above and below are to be advanced to the new area.

Mining operations the past year have been mainly above the 1,450-ft. horizon. Stopes have not yet been prepared on the 1,600, 1,750 and 1,900-ft. levels and relatively little ore has been drawn from the "B" and "C" ore bodies on 2,050-ft. horizon.

The "C" ore bodies show some decline in tonnage and grade over upper level conditions, the extent of which must be determined by stope development.

Although a slightly lower average grade of ore may be treated, it is expected that production will be maintained at the same level in 1942 as during the latter half of 1941.

Working capital position of the company is now reported in excess of $1 million or 40 cents a share.

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Pickle Starts On New Shaft

Hoist Room Excavated — North Zone Important to Future

From Our Own Correspondent

PICKLE CROW.—The year 1942 is expected to be one of transition at Pickle Crow Gold Mines—a gradual shift from mining high-grade ore in the original Howell vein to mining the new north zone.

Preparations for sinking the new four-compartment winze from the 750-ft. level at a point 5,000 ft. north-east of the No. 1 shaft are well advanced. This internal shaft will service the "north mine." The hoist room has been excavated and raising for the headframe and cable winze is now progressing. Actual sinking is expected to get under way in April. The winze is to be sunk 700 ft. from the 750-ft. level with five levels established at 125-ft. intervals. Sinking should be completed in October when lateral work will be commenced.

North Zone Impressive

Further development on the one level at 750 ft. depth of the "north mine" has extended the total ore length to 850 ft. Two drilling intersections to the west and above the level have been corroborative of 0.45 oz. grade at 100 ft. west of the present development face. Back stoping over the developed length of 760 ft. has produced 5,083 tons for milling which returned an average grade of 0.57 oz. or $19.95 per ton. Of this total, 1,906 tons from the west section returned an average grade of 0.77 oz. or $26.95 per ton. Boxholing in the parallel No. 648 structure which drifting indicated to have a grade of 0.22 to 0.25 oz. has shown a grade of 0.36 oz. Diamond drilling, as reported previously, has indicated continuity of the north zone ore to 1,300 ft. depth. Previous estimates of 500 tons of ore per vertical foot of 0.40 oz. grade have been corroborated as to both tonnage and grade by recent work.

Howell Tonnage Maintained

In the main Howell workings, the ore position has been maintained by further work on the lower levels and by lateral development on the two bottom levels at 2,200 and 2,450 ft. depth. To the present stage of development the main workings show 3½ to four years' ore ahead. Grade is lower. Decline in grade, however, is offset by the higher grade of the north zone.

A progressive decline in grade and tonnage in the Howell vein has been found with depth. The vein structure has "closed in" from the west, there being but short extensions to the west on both levels. Drifting has opened up 709 ft. of ore averaging $8.05 per ton across 42 inches at the 2,200-ft. level while the 2,450-ft. level shows a length of 590 ft. running $7 over 35 inches. Values are at $35 gold. Faces on both levels are open to the east and drifting is proceeding.

Production in 1941 was $2,736,169 from 146,375 tons of ore, an average of $18.74 per ton. Operating profits totalled $1,750,808 while the operating cost per ounce of gold was $13.88 a ton.

Mining Concentrates

Burmese lead is an important resource the allies may lose if Rangoon or part of the Burma road falls to the Japanese. The mines and smelter of the Burma Corp., situated in northern Burma, are large producers of both lead and zinc; smelter is at Namtu near the mines. The pre-war scale of production was 6 million oz. of silver, 78,000 tons of refined lead, 1,200 tons of antimonial lead, 9,000 tons of copper matte, 3,500 tons of copper-nickel-cobalt speiss and 601,000 tons of zinc concentrates. If the mines are destroyed, it might take years to replace the smelter and place mines in operation again.

* * *

Canadian Malartic Gold Mines has declared its usual quarterly dividend of 2 cents a share, payable Mar. 26 to record Mar. 6. This dividend rate has been maintained for two years.

* * *

Cheminis Gold Mines shares are now being exchanged into shares of Amalgamated Larder Mines on the basis of 1 share of the new for each 4.75 shares of Cheminis.

* * *

Cournor Mining Co., in its January progress report, states that the main crosscut on the 350-ft. level of the Cournor mine entered the Creek ore zone cutting a vein 8 ft. wide. Drifts on this vein were advanced 56 ft. The same structure was picked up by drilling on 450-ft. sub-level and 551 south crosscut on the 550-ft. level has reached it. The vein had been stoped on the 650-ft. level but the stope ended against a fault zone. Work in January located the ore on the south side of this fault and showed that the structure is continuous at least from the 650-ft. level to the 350-ft. level except for dislocation by faulting. January production was $50,129 from 6,617 tons of ore.

* * *

East Malartic Mines has declared 5 cents a share payable Mar. 31, 1942, to record March 9, ex-dividend March 6. Last previous dividend was one of 10 cents a share on Aug. 30, 1941.

* * *

Fernland Gold Mines shares have been removed from trading on the Toronto Stock Exchange as the company is applying for surrender of its charter. The shares are convertible into those of Amalgamated Larder Mines.

* * *

Hedley Mascot Gold Mines net earnings for 1941, before depreciation, were 10.4 cents a share. After all charges, 1940 profits had been equal to 8 cents a share. Earnings in 1941 included $45,460 or 2.007 cents a share for the fourth quarter. Production in the fourth quarter was secured from 17,635 tons of dry ore with mill feed averaging 0.354 oz. gold per ton. Only a limited amount of exploration was carried out. Drilling for extensions of No. 5 ore zone to the south has had some success and known reserves in No. 4 ore body have been increased by drilling in the west of the claim. Considerable ore was extracted during the period from the stopes in the old No. 3 ore body. Indications are that this ore body will yield more ore by a good margin than was originally estimated in 1934. Operations in No. 22 stope in the lower levels have opened unexpected easterly extensions of this rich ore body. Exploration of the outer claims is to be resumed this spring.

* * *

Kirkland Lake mines continue to gradually increase the level of their operations as more and more men are added to payrolls.

* * *

Little Long Lac Gold Mines has elected General D. M. Hogarth president, replacing the late Joseph Errington. Mrs. Arthur Ellis, daughter of Mr. Errington, fills Mr. Errington's place on the board of directors.

* * *

Negus Mines has declared 2½ cents a share, payable Mar. 23, 1942, to record Mar. 10. Ex-dividend date is Mar. 9. Mr. Watkins Samuel, who replaces the late Mr. Errington on the board of directors, has been made vice-president and consulting engineer. Operations at the mine are stated to be normal. Changes have been made in mill set-up to permit handling of 70 to 80 tons of ore daily. It is expected this will allow handling lower grade ore and more advantageous operation. Production in December was a new high at $62,667 from 1,856 tons of ore, an average recovery of $33.76 a ton. In the previous month, $52,550 was recovered from 1,857 tons of ore, an average of $28.30 a ton.

* * *

New Golden Rose shares have been removed from trading on the Toronto Stock Exchange.

* * *

Perron Gold Mines has declared its usual quarterly dividend of 4 cents a share plus extra of 1 cent payable Mar. 20 to record Feb. 28. Last year three extras of 1 cent each and an extra of 6 cents were paid. Dividend is subject to approval of the Foreign Exchange Control Board.

* * *

Pioneer Gold Mines has declared its regular quarterly dividend of 10 cents a share payable April 1, to shareholders of record Feb. 28.

* * *

Preston East Dome Mines has declared 5 cents a share payable April 15, 1942, to record Mar. 31. This makes a total of 10 cents a share so far in 1942 against 17½ cents for the corresponding period of 1941.

* * *

Sturgeon River Gold Mines reports an increase in production in January:

Month:	Tons milled	Tons daily	Recov. per ton	Total recov.
Jan., 1942 ..	2,308	74	$20.55	$47,424
Dec., 1941 ..	2,413	78	16.92	40,834

PRIVATEER OUTPUT SAME

January gold production of Privateer Mine totalled $81,119 from 2,662 tons of ore milled, an average recovery of $30.47 a ton. Output the previous month was the same, secured from 2,675 tons of ore.

SAN ANTONIO EXTRA

An extra dividend of 3 cents a share has been declared by San Antonio Gold Mines payable with the regular semi-annual dividend of 7 cents a share on April 20, 1942, to shareholders of record Apr. 4. Ex-dividend date is Apr. 2.

EQUIPMENT FOR SALE
At Reasonable Prices

The equipment listed below is practically new, having been in use for only two months. This equipment is priced for immediate sale and is located in the Amos district of Quebec.

1—40 H.P. Locomotive type boiler, built to Interprovincial regulations for 125 lbs. working pressure. Diameter 42", Lengths overall 16'6", Firebox width 36", Length 61", Height 36". Grate area 15.2 sq. ft.-42 3" tubes. Length of tubes 10'. Heating surface 370 sq. ft. Diameter of Steam outlet 3". Safety valve 2". Feed Connection ¾". Blowoff Connection 1¼". Weight bare boiler 7,500 lb. Weight with fittings on skids 9,000 lbs. Complete with set of magnesia covering blocks for same. Purchased from Plant's Machinery, Montreal, Quebec.
1—6½ x 8 Steam Hoist, double cylinder, single drum, non-reversing, without boiler.

Specifications of Power Plant – Canadian Ingersoll-Rand
AIR COMPRESSOR PLANT

2—Canadian Ingersoll-Rand Symbol 2-75, Type 40, Direct coupled oil engine driven, two-stage, air-cooled, stationary compressor units, having a piston displacement of 382 Cu. Ft. per minute and an actual capacity of 315 Cu. Ft.
Complete unit includes two-stage air-cooled type 40, compressor with unloader, air inlet filter and muffler, air-cooled intercooler and fan, automatic maximum speed governor on engine and inlet unloader on compressor. Ingersoll-Rand Hesselman oil engine with clutch and starting crank, air-cooled, water-cooling radiator, fan and muffler fuel oil tank, and supply piping on unit, air receiver and intercooler, etc. The whole unit mounted on a structural steel subbase.
1—No. 6 48" Diameter x 12' Standard Vertical air receiver designed for 110 lbs. working pressure and tested to 160 lbs. hydrostatic pressure.
Approx. Cubic Contents: 152 Cu. Ft. Thickness of shell 11/32". Thickness of heads 7/16". Size of man hole 11" x 15". Number of safety valves 2" Diameter, Safety Valves 3", Diam., inlet and outlet 8" flanged connections. Adapted for a capacity of 1275 Cu. Ft. of free air per minute. Air receiver designed to conform with Canadian Inter-Provincial regulations governing tanks and receptacles for compressed air and to be complete with all the usual fittings, consisting of pop safety valve, gate valve for drain pressure, gauge with ¼" cock, tee, two nipples and plub, and ½" 450° Fusible Plub.

ROCK DRILLING EQUIPMENT

3—N-69 Canadian Ingersoll-Rand combined wet sinkers and drifters, fitted with spring handles for and complete with the necessary shells for drifting, each complete with Branch line oiler—Weight each 165 lbs.
2—3½" x 6' single screw columners complete with safety clamp, 27" cross bar and hook bolt clamp. Weight each 250 lbs.
3—50' lengths 1" 4-ply air drill hose fitted with Circo couplings. Weight each 100 lbs.
3—50' lengths ½" water hose complete with pipe to hose connections—Weight each 25 lbs.
2—Tons 1" Quarter Exagon Drill Steel 1" Ingersoll-Rand.
1—No. 34 Canadian Ingersoll-Rand Leyner Drill sharpener with standard equipment and accessories.
1—No. 7-F Oil furnace with complete set of fire brick induction blower, oil burner and gravity feed steel barrel fuel tank. Weight 630 lbs.

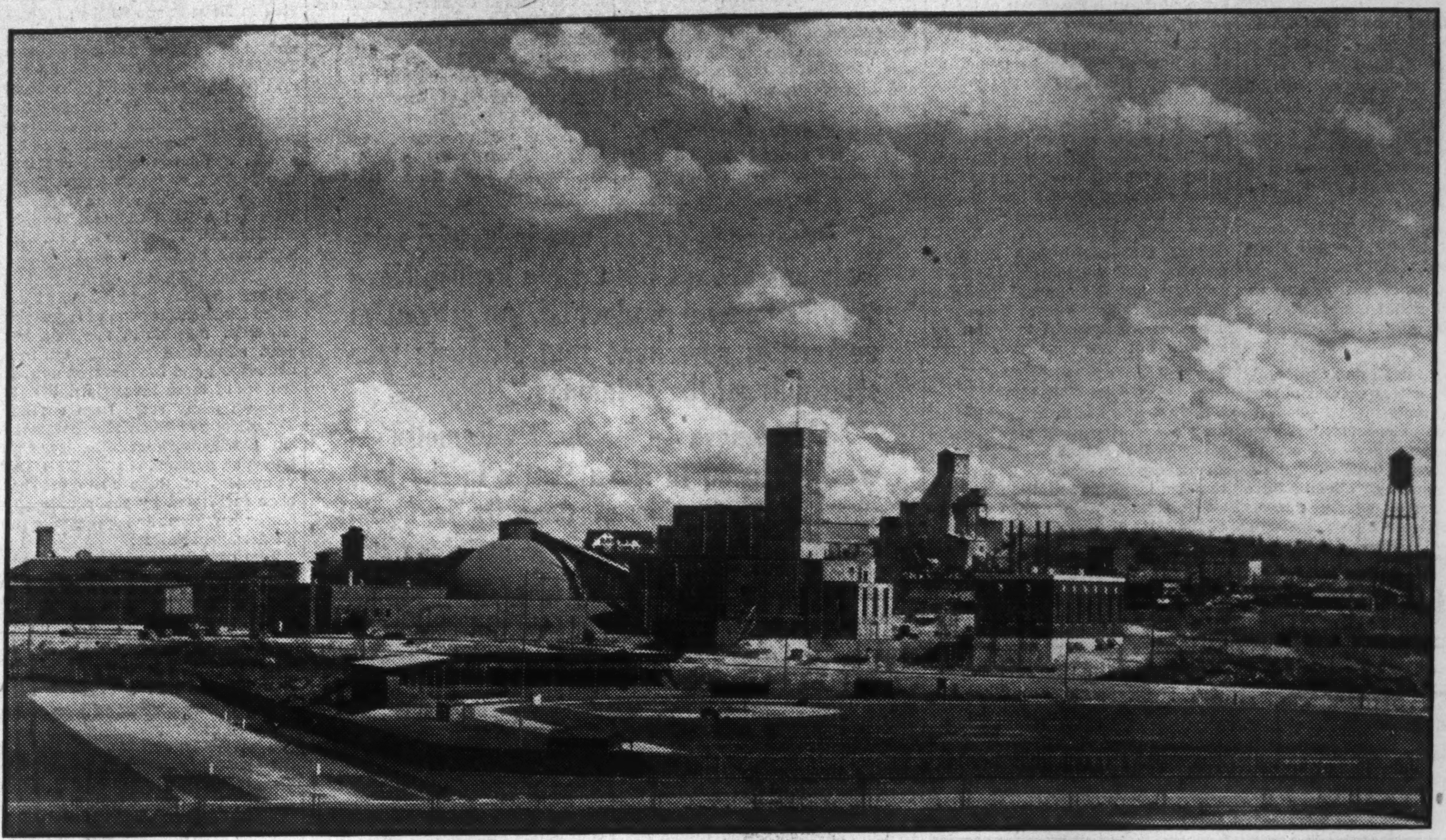
HOIST EQUIPMENT

1—Canadian Ingersoll-Rand 6 x 5 class SSR signal drum, single reduction. Duplex Reversing steam hoist with piston valves, enclosed frames, and flood lubrication. Gears are of steel, spur type enclosed in oil tight case. Hoist is started and stopped and reversed by a combined throttle and reversing valve. Capacity 3100 lbs. at a rope speed of 360' per minute when furnished with compressed air at 80 to 100 lbs. pressure, weight 3300 lbs.
1—24" gear driven single hand dial indicator, mounted on post. Weight 550 lbs. 500' of ⅝" best plow non-rotating wire rope. Weight 500 lbs.
1—42" Sheave complete with shaft and boxes. Weight 250 lbs.
2—12 Cu. Ft. Type S. S. straight side ore buckets with bale hung below center. Diameter at top 28", Depth 24", Weight each 320 lbs.
2—No. 14-B, 14 Cu. Ft. standard side or end dump cars. Gauge of track 18", Width of Body 24", Length of body 44", Depth of Body 23". Weight each 450 lbs.
Light rails and assay equipment.

BEECHWOOD MACHINERY LIMITED
10 BEECHWOOD AVE. - OTTAWA, ONT.

Workmen in Canada's Greatest Gold Mine

LEND *for* VICTORY



Hollinger Consolidated Gold Mines Limited, Timmins, Ontario.

Payroll No. 1735 Certificate No. 1110

Name S.R. Hooper

The following Summary shows the amount of your Insurance and the Savings Accumulations to your credit as at December 2nd, 1941.

GROUP LIFE INSURANCE (Purchased by Mine) - - - - - $ 2,250.00

SAVINGS PLAN - - - - $ 314.02

Your contributions with interest - - - $ 118.07

Additional contributions by Mine - - $ 432.09

Total Value if you have 5 years' service

Your contributions, together with those of the Mine, are forwarded promptly each pay day to the head office of The Mutual Life of Canada, where a separate account is kept for each employee included in the plan. These funds are then invested by the three insurance companies and held in trust for you until such time as you retire or leave the service of the mine.

In addition, the Hollinger Consolidated Gold Mines Limited is holding for you WAR SAVINGS CERTIFICATES in the value of $ 437.00, and there are other War Savings Certificates in transit.

Payroll No. 1746 Certificate No. 1119

Name G. Juranic

The following Summary shows the amount of your Insurance and the Savings Accumulations to your credit as at December 2nd, 1941.

GROUP LIFE INSURANCE (Purchased by Mine) - - - - -

SAVINGS PLAN - $ 2,250.00

Your contributions with interest - - - $ 299.45

Additional contributions by Mine - - $ 115.14

Total Value if you have 5 years' service - - $ 414.59

Your contributions, together with those of the Mine, are forwarded promptly each pay day to the head office of The Mutual Life of Canada, where a separate account is kept for each employee included in the plan. These funds are then invested by the three insurance companies and held in trust for you until such time as you retire or leave the service of the mine.

In addition, the Hollinger Consolidated Gold Mines Limited is holding for you WAR SAVINGS CERTIFICATES in the value of $ 350.00, and there are other War Savings Certificates in transit.

Payroll No. 2267 Certificate No. 1613

Name F. Wilkinson

The following Summary shows the amount of your Insurance and the Savings Accumulations to your credit as at December 2nd, 1941

GROUP LIFE INSURANCE (Purchased by Mine) - - - - - $ 2,250.00

SAVINGS PLAN - - - $ 315.32

Your contributions with interest - - $ 118.33

Additional contributions by Mine - - $ 433.65

Total Value if you have 5 years' service

Your contributions, together with those of the Mine, are forwarded promptly each pay day to the head office of The Mutual Life of Canada, where a separate account is kept for each employee included in the plan. These funds are then invested by the three insurance companies and held in trust for you until such time as you retire or leave the service of the mine.

In addition, the Hollinger Consolidated Gold Mines Limited is holding for you WAR SAVINGS CERTIFICATES in the value of $ 225.00, and there are other War Savings Certificates in transit.

The above are Reproductions of Employees' Savings Cards

HELPING TO FINANCE THE WAR

Approximately 3,000 Employees Subscribe for $585,000.

Hollinger's far sighted savings plan enables its employees to make impressive financial contribution to the war effort — proof of the enthusiasm displayed by its employees for this plan is evidenced by the fact that approximately Three Thousand of them subscribe for Five Hundred and Eighty-Five Thousand Dollars ($585,000) a year in War Savings Certificates.

In addition to being Canada's leading producer of gold it is well up with the leading industries in the all important field of providing needed finances for Canada's expanding war program. Hollinger, without charging interest, finances the purchase of Victory Loan Bonds for their employees and payments are spread out over a period of seven months.

Devote Savings to Aiding War Effort

Employee - Company Savings Plan Great Factor....

RESPONSIBLE for the above remarkable showing is the employee-company savings plan instituted several years ago whereby on pay-day which falls every second Thursday the majority of the employees deposit with the company Five Dollars ($5.00). These deposits are normally invested through an insurance company entirely independent of the mine and the money starts earning interest immediately. These funds are now diverted to the purchase of War Savings Certificates.

It is through this plan that the average Hollinger employee makes his greatest contribution to Canada's War Finance Chest. Noteworthy in this plan is the fact that participation is entirely voluntary yet 98.6% avail themselves of the opportunities offered.

Furthermore, the employees contribute regularly to a fund known as the Hollinger Employees War Chest Fund from which payments are made to such organizations as the Canadian Red Cross, National War Services, Bomb Victims, etc. For every dollar donated by the men, Hollinger donates another — last year alone Fifty Thousand Dollars ($50,000) was paid in this manner.

A major reason for the splendid contribution by the employees is their optimism and confidence in the final outcome of the war and their willingness to make sacrifices to ensure the victory of democracy for which they have such great appreciation.

All employee benefit and war effort activities are conducted by committees elected by the men themselves — in this way Hollinger men see democracy at work — they enjoy the benefit of a better way of life and are taking the necessary steps for its preservation.

Follow their Patriotic Example...

Buy the New VICTORY BONDS

Published in the interest of the Victory Loan Campaign by

HOLLINGER CONSOLIDATED GOLD MINES LIMITED, Timmins, Ont.